

**Attorney General Second Set Data Requests  
Duke Energy Kentucky Case No. 2006-00172  
Date Received: August 09, 2006  
Response Due Date: August 23, 2006**

**AG-DR-02-001**

**REQUEST:**

1. In its response to AG-1-5, the Company states that the adjusted forecasted period depreciation expenses of \$32,810,000 shown on Schedule B-3.2, represent the product of Mr. Spanos' proposed revised depreciation rates (shown in column F) to the average forecasted period depreciable plant in service. In its response to AG-1-5(a), the Company also states that "...The \$227,766 is the pro forma adjustment required to annualize the depreciation expense included in the unadjusted forecast to the revised depreciation rates proposed by the Company." In this regard, please provide the following information:
  - a. Doesn't this mean that the unadjusted forecasted period depreciation expenses (that are based on the currently authorized depreciation rates as opposed to Mr. Spanos' proposed revised rates) amount to \$32,810,000 less \$227,766, or \$32,582,234? If not, explain why not, given the above-referenced explanations included in the response to AG-1-5.
  - b. If the assumption stated in part (a) above is incorrect, provide the forecasted period depreciation expenses calculated based on the currently authorized depreciation rates (i.e., under the assumption that Mr. Spanos' proposed depreciation rates will be rejected by the PSC)..

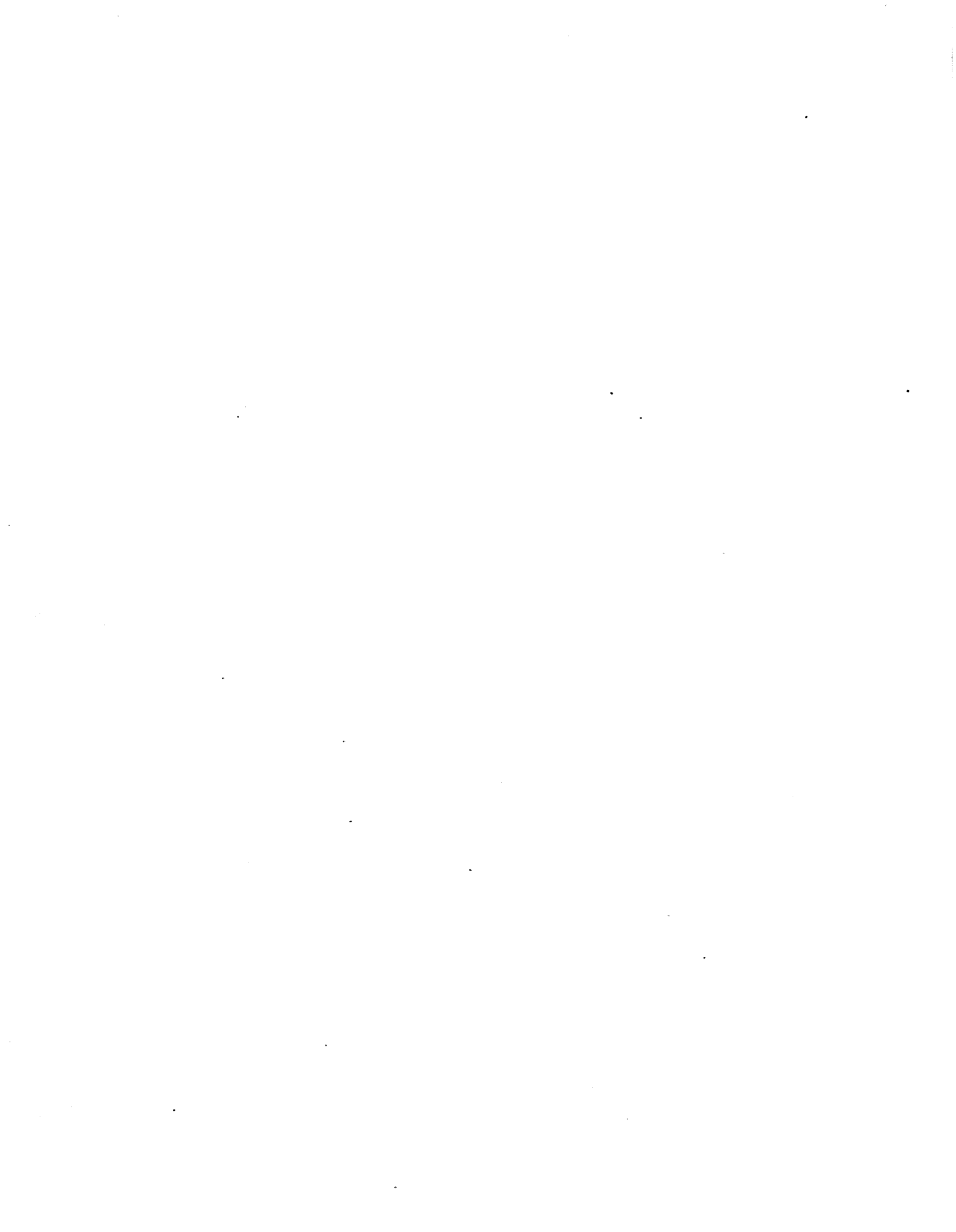
**RESPONSE:**

- a. Yes. This \$32,582,234 of unadjusted forecasted period depreciation expense is shown on Schedule C-2, page 1 of 1, line 23 in the column titled "Forecasted Period." This depreciation amount does not include any depreciation expense for the Advanced Metering Initiative for which an annualized amount of \$362,220 is proposed on Schedule D-2.35. The depreciation adjustment for the Advanced Metering Initiative is necessary because the unadjusted forecast test period depreciable plant balance did not include the plant associated with this program.

Also, see Schedule D-2.23 and WPD-2.23a.

- b. Not applicable.

**WITNESS RESPONSIBLE:** William Don Wathen, Jr.  
Brian P. Davey  
Carl L. Council, Jr.



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**AG-DR-02-002**

**REQUEST:**

2. The response to AG-1-8 shows monthly Non-Utility ADIT balances that are consistently decreasing to an actual balance of \$74.6 million in June 2006, as compared to the originally projected increasing monthly Non-Utility ADIT balances, with a projected June 2006 ADIT balance of \$77.989 million shown on WPB-6a. In this regard, please provide the following information:
  - a. Explain the actual downtrend in this Non-Utility ADIT account and the reasons for the difference of \$3.3 million between the actual and corresponding projected June 2006 balances.
  - b. Based on the facts stated above, does the Company still believe that its projected average forecasted period Non-Utility ADIT balance of \$76.495 million is accurate? If so, explain why the Company believes this. If not, provide the revised average forecasted period Non-Utility ADIT balance that the Company now projects based on the above-referenced variances as of June 2006.

**RESPONSE:**

- a. WPB-6a shows projected deferred tax balances based on the Company's budget. The budgeted income tax calculation includes a limited number of Schedule M items that affect deferred income taxes. This deferred income tax activity results in very little change in total Non-Utility ADITs. The result, shown in the response to AG-DR-01-008, is based on the Company's actual results of operations and Schedule M items for the months of March through June 2006. This shows the total Non-Utility ADITs changing by \$1.6 million. In addition, the February balance was changed by \$1.7 million to reflect the correct beginning balance.
- b. The projected average forecasted period Non-Utility ADIT balance of \$76.495 million is the Company's best estimate at this time.

**WITNESS RESPONSIBLE:** William Don Wathen, Jr.



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**AG-DR-02-003**

**REQUEST:**

3. With regard to the response to AG-1-16(e), please provide the following information:
- a. Actual electric ITC amortization for each of the years 2003 and 2004.
  - b. Monthly breakout of the 2005 ITC amortization total of \$176,447.
  - c. Monthly ITC amortization for January through August 2006.

**RESPONSE:**

- a. The actual electric ITC amortization for 2003 and 2004 was:

2003 - \$187,904

2004 - \$178,744

- b. The monthly electric ITC amortization for 2005 was:

January	\$ 14,895
February	14,513
March	-
April	29,408
May	14,704
June	14,704
July	14,704
August	14,704
September	14,704
October	14,704
November	14,704
December	14,703
	<u>\$176,447</u>

- c. The monthly electric ITC amortization for January through August 2006 is:

January	\$ 13,806
February	13,806
March	13,806
April	13,806
May	13,806
June	13,806
July	13,806
August	13,806
	<u>\$110,448</u>

**WITNESS RESPONSIBLE:** Keith G. Butler



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**AG-DR-02-004**

**REQUEST:**

4. Similar to the response to AG-1-20(b), please provide the impact on the forecasted period East Bend property taxes of \$750,000 assuming that the Company would be successful in obtaining an assessment value of 82.27% of the 2006 net book value.

**RESPONSE:**

Assuming that the Company would be successful in obtaining an assessment value of 82.27% (equal to the 2005 final assessment) of the 2006 net book value, the property tax liability is estimated at \$614,000.

**WITNESS RESPONSIBLE:** Keith G. Butler





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**AG-DR-02-005**

**REQUEST:**

5. With regard to the response to AG-1-4, do the Company's forecasted period electric "above-the-line" property taxes exclude the property taxes associated with the \$24.1 million Non-Jurisdictional plant for the Florence service building and land? If so, identify this tax amount and confirm that this should be removed for ratemaking purposes.

**RESPONSE:**

Property taxes associated with the Non-Jurisdictional plant for the Florence service building are not excluded from the 2007 budget and the Company agrees that these taxes should be reflected below-the-line. The calculated amount of the property taxes associated with this facility is \$282,301. The property taxes paid in 2005 for the Cox Road facility apportioned to the electric business was \$24,807. These taxes are not included in the property tax budget and should be reflected in the budget as this facility is for Jurisdictional purposes. As stated in Mr. Butler's testimony and in the Company's response to KyPSC-DR-03-035, the Company will update the Commission and intervenors on the final property tax expense when its negotiations on final assessed values with the Kentucky Department of Revenue are completed. The Company will reflect this correction relating to the property tax expense for the Florence Road and Cox Road buildings at that time.

**WITNESS RESPONSIBLE:** Keith G. Butler



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**AG-DR-02-006**

**REQUEST:**

6. With regard to the response to AG-1-24, please provide the following information:
  - a. Provide your best estimate of the annualized incremental revenues of each of the new miscellaneous charges referenced in AG-1-24.
  - b. Explain why the Company believes it is appropriate to propose additional miscellaneous revenue charges for the forecasted period without reflecting the projected forecasted period revenues from these additional miscellaneous revenue charges.

**RESPONSE:**

- a. See response to KyPSC-DR-03-044.
- b. The Company believes it is appropriate to reflect the additional revenue, as shown in the response to KyPSC-DR-03-044, as part of the current and proposed revenue in this case.

**WITNESS RESPONSIBLE:** Jeffrey R. Bailey



**Attorney General Second Set Data Requests**  
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**AG-DR-02-007**

**REQUEST:**

7. With regard to the Company's Emission Allowance Sale Proceeds, please provide the following information:
  - a. Explain whether the Company will now be receiving such proceeds as a result of the 1/1/06 transfer of the Plants and that prior to 1/1/06 these proceeds were received and booked on the books of Duke Energy Ohio (DEO). If this is not correct, provide a detailed explanation of the correct facts.
  - b. Provide the actual Account 411 Emission Allowance Sale Proceeds associated with the Plants in each of the years 2003, 2004, 2005 and the 12-month period ended June or July 2006. Provide this annual proceeds information no matter whether the Plants were owned by DEO or DEK.
  - c. Since the Company does not budget such proceeds, does the \$2,133,750 Base Period proceeds amount represent the actual proceeds for the 6-month period 9/1/05 – 2/28/06? If not, provide the correct information and provide the \$2,133,750 on a monthly basis.
  - d. Would the Company agree that Emission Allowance Sale proceeds, if known and measurable, should be treated "above-the-line" for ratemaking purposes. If not, explain in detail why not and, in that case, explain why the Company is requesting that the Emission Allowance inventory be included for ratemaking purposes in this case.

**RESPONSE:**

- a. For sales of emission allowances ("EAs") occurring after January 1, 2006, any margins related to the sale of EAs associated with the generating assets now owned by Duke Energy Kentucky will be recorded on the books of Duke Energy Kentucky. Prior to January 1, 2006, any margins related to the sale of EAs associated with these generating assets were recorded on the books of Duke Energy Ohio.
- b. From January 1, 2006 through July 31, 2006, Duke Energy Kentucky's gross proceeds from the sale of EAs recorded in Account 411 Emission Allowance Sale Proceeds were \$3,311,715. For the twelve month period ended July 31, 2006, the total gross proceeds from the sale of EAs

associated with the generation now owned by DEK recorded in Account 411 Emission Allowance Sale Proceeds was \$7,430,465.

For calendar year 2005, DEO's sale of EAs associated with the plants now owned by DEK resulted in gross proceeds of \$10,102,405.

There were no sales of EAs associated with the transferred plants in 2003 or 2004.

- c. These are actual proceeds for January 2006 as recorded on the books of Duke Energy Kentucky. There were no actual EA sales recorded for February 2006.
- d. See response to AG-DR-02-007(a). Duke Energy Kentucky will treat the margins from the sales of such EAs above-the-line for rate-making purposes.

**WITNESS RESPONSIBLE:** (a), (c) and (d) Douglas F Esamann  
(b) William Don Wathen, Jr.





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**AG-DR-02-008**

**REQUEST:**

8. With regard to the Other Operating revenues for RSG Revenue – MISO Make Whole, please provide the following information:
- a. Since which date (month and year) did the Company start receiving such revenues and explain why.
  - b. Provide the actual RSG Revenue – MISO Make Whole revenues on a monthly basis since the Company starting receiving these revenues through July 2006.
  - c. Would the Company agree that, if known and measurable, the RSG Revenue – MISO Make Whole revenues should be treated “above-the-line” for ratemaking purposes? If not, explain in detail why not.

**RESPONSE:**

- a. The Company started receiving RSG Revenue – MISO Make Whole payments from MISO effective January 1, 2006, coinciding with the transfer of the generating plants from Duke Energy Ohio. RSG Revenue – MISO Make Whole payments are revenues received by the Company for units that are committed by MISO when revenues received from the generating unit are less than the cost of the unit as shown in the units offer cost.
- b. RSG Revenue – MISO Make Whole payments are included for Woodsdale 1-6, Miami Fort 6, and East Bend. See Attachment AG-DR-02-008(b).
- c. Yes, except that the costs are not known and measurable because the Company cannot predict when and in what amount it will receive such payments in the future. RSG make-whole payments are credits from the Midwest ISO to offset costs that Duke Energy Kentucky would incur for running, or making available, a unit out of merit for reliability purposes. Because the costs of running the unit out of merit would flow through the fuel clause, the Company believes that the appropriate treatment of the RSG make whole payments is to include this credit in the fuel clause.

**WITNESS RESPONSIBLE:** (a) and (b) John D. Swez  
(c) William Don Wathen, Jr.

**Duke Energy Kentucky**  
**RSG Make Whole Payments (MWP)**  
(Credit received from the Midwest ISO)

Month	Woodsdale						Miami Fort 6	East Bend
	Unit 1	Unit 2	Unit 3	Unit 4	Unit 5	Unit 6		
<b>Before Transfer to Duke Energy Kentucky</b>								
Apr-05 <sup>(a)</sup>	\$0.00	\$21,073.61	\$0.00	\$1,547.82	\$228,049.64	\$0.00	\$52,814.66	\$0.00
May-05	-	-	33,860.51	-	117,827.97	-	560,236.89	-
Jun-05	-	-	195,783.07	-	174,388.39	-	112,760.82	-
Jul-05	2,534.90	-	55,533.20	3,104.15	68,304.72	-	-	-
Aug-05	22,548.64	22,784.45	36,979.41	22,246.19	35,366.50	23,904.91	-	-
Sep-05	-	-	76,328.56	-	67,073.29	-	1,844.87	-
Oct-05	-	-	138,655.19	-	173,890.44	-	16,591.37	-
Nov-05	-	-	22,283.74	-	129,649.86	-	26,734.34	-
Dec-05	-	-	256,537.52	-	203,656.47	98,068.18	-	-
	<b>\$25,083.54</b>	<b>\$43,858.06</b>	<b>\$815,961.20</b>	<b>\$26,898.16</b>	<b>\$1,198,207.28</b>	<b>\$121,973.09</b>	<b>\$770,982.95</b>	<b>\$0.00</b>
<b>After Transfer to Duke Energy Kentucky</b>								
Jan-06	-	-	151,453.28	-	145,979.76	152,173.24	-	-
Feb-06	-	-	266,066.56	-	248,038.10	234,076.90	-	-
Mar-06	-	-	106,113.88	-	98,752.50	104,643.49	-	-
Apr-06	-	-	147,042.22	-	143,397.02	155,218.63	-	-
May-06 <sup>(b)</sup>	-	-	72,805.98	-	44,672.85	70,591.02	-	-
Jun-06 <sup>(b)</sup>	-	-	46,392.68	-	29,421.53	34,871.85	-	-
Jul-06 <sup>(b)</sup>	-	-	108,659.35	-	102,694.76	101,089.05	-	-
	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$898,533.95</b>	<b>\$0.00</b>	<b>\$812,956.52</b>	<b>\$852,664.18</b>	<b>\$0.00</b>	<b>\$0.00</b>

Note: <sup>(a)</sup> RSG make-whole payments began April 1, 2005, with the MISO Day 2 market.

<sup>(b)</sup> March 2006 thru July 2006 data is prior to receipt of S155 settlement statements. This data is preliminary.



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**AG-DR-02-009**

**REQUEST:**

9. With regard to the response to AG-1-26, please provide the following information:
- a. Explain why the Company did not book Account 454010 – Rent Elec Land and Buildings revenues in 2003 – 5/31/06 while it has budgeted \$45,000 and \$91,356 of such revenues for the Base and Forecasted Periods.
  - b. What represents Account 456865 – I/C Transmission Revenue EM revenues; how is it different from Account 456855 – I/C Transmission revenues; and why has the Company not reflected any Account 456865 revenues in the Base and Forecasted Periods.
  - c. Re. Account 454100: When did the Company start receiving the pole contract (*sic*) lease revenues; provide these revenues on a monthly basis from the time the Company starting booking them through July 2006; and explain whether the pole contracts (*sic*) underlying these revenues are still in place today and are expected to be in place during the Forecasted Period.
  - d. Re. Account 454710: When did the Company start receiving these rent revenues; provide these rent revenues on a monthly basis from the time the Company starting booking them through July 2006; and explain whether the lease contract underlying these rent revenues is still in place today and is expected to be in place during the Forecasted Period.
  - e. Re. Account 456350: When did the Company start receiving these fuel management revenues; provide these revenues on a monthly basis from the time the Company starting booking them through July 2006; and explain whether the Company is currently still booking these revenues and is expected to continue to book these revenues in the near-term future.

**RESPONSE:**

- a. Amounts budgeted to Account 454010 – Rent Electric Land and Buildings during 2003 through May 31, 2006 were incorrectly recorded in Account 454200 – Other Rent Electric Property.
- b. Prior to April 2005, Account 456865 recorded inter-company ancillary service revenue and Account 456855 recorded inter-company transmission and facility charge revenue. Account 456865 no longer exists because the

Finance & Accounting Project Team eliminated this account and combine it with Account 456855, and, therefore, was not reflected in the base or forecast periods. All of the revenue previously recorded in this account is now being recorded in Account 456855.

- c. Account 454100, Pole Contact Rentals represents rental revenues the Company receives for use of its poles, primarily by telephone or cable television companies. The account previously used for these revenues was 454050, Rent from Electric Property CATV. The Company has been recording these revenues since at least 1985. It would be burdensome to provide these revenues on a monthly basis from the time the Company started recording them. The pole attachments underlying these revenues are still in place today and are expected to be in place during the Forecasted Period. See Company tariff Rate CATV, issued March 31, 2006, provided at Attachment AG-DR-02-009(c).
- d. The Company started receiving these rent revenues in January 2006 beginning with the transfer of the generating stations. See below for monthly amounts beginning in January 2006.

Month	Amount
January	\$55,616
February	55,616
March	55,616
April	55,616
May	55,616
June	55,616
July	\$55,616

These rentals are related to common facilities at Miami Fort Station and the agreement with Duke Energy Ohio for use of these common facilities is currently in effect and is expected to be in place during the Forecasted Period.

- e. The Company started receiving fuel management revenues in January 2006 beginning with the transfer of the generating stations. See below for monthly amounts beginning in January 2006.

Month	Amount
January	\$113,319
February	22,163
March	24,686
April	37,056
May	22,500
June	21,733
July	\$22,840

The Company is currently booking these revenues and expects to continue booking them until December 31, 2006. The revenues are related to a synthetic fuel project that, based on current market conditions, is likely to end at the end of 2006.

**WITNESS RESPONSIBLE:** William Don Wathen, Jr.

Duke Energy Kentucky  
1697-A Monmouth Street  
Newport, Kentucky 41071

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**RATE CATV**

**RATE FOR POLE ATTACHMENTS OF CABLE TELEVISION SYSTEMS**

**APPLICABILITY**

Applicable to the attachment of cable television systems to any pole of the Company by a person (attachee) who makes application on an appropriate Company form with submission of information and documents specified herein and in the application.

**ATTACHMENT CHARGES.**

The following annual rental shall be charged for the use of each of the Company's poles:

\$4.60 for a two-user pole.

\$4.00 for a three-user pole.

A two-user pole is a pole being used, either by actual occupation or by reservation, by the attachee and the Company. A three-user pole is a pole being used, either by actual occupation or by reservation, by the attachee, the Company and a third party.

**PAYMENT**

Attachee shall pay to the Company for all authorized attachments an annual rental, as set forth above, for the use of each of the Company's pole, any portion of which is occupied by, or reserved at attachee's request for the attachments of attachee, at any time during the initial rental year. The first annual payment of rental for the previous rental year shall be due and payable on the first anniversary date of attachee's application. Subsequent payments of annual rental shall be due and payable on each succeeding anniversary date thereof.

As newly authorized attachments are made after the initial rental year, rentals for such attachments shall be paid for the entire year if made within the six month period after any anniversary date, and for on-half year if made during the following six month period. For any attachments removed by attachee and for which the Company shall have received written notice from attachee, the yearly rental shall be prorated to the date of removal.

All fees, charges and rentals provided for herein not paid when due and payable shall bear interest at the maximum rate permitted by law from the date when due, until paid.

**TERMS AND CONDITIONS**

1. Prior to the signing of the application, attachee shall send the Company all manufacturers' technical manuals and information, and construction standards and manuals regarding the equipment attachee proposes to use pursuant to the provisions contained herein and such other information as requested by the Company.

Issued by authority of an Order of the Kentucky Public Service Commission dated in Case No. 2006-00172.

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Issued: March 31, 2006

Effective: July 1, 2006

Issued by Sandra P. Meyer, President

Duke Energy Kentucky  
1697-A Monmouth Street  
Newport, Kentucky 41071

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**TERMS AND CONDITIONS (Contd.)**

2. After the Company has received a signed application from attachee and before any attachment is made by attachee, it shall make a written request for permission to install attachments on any pole of the Company, specifying the location of each pole in question, the character of its proposed attachments and the amount and location of space desired. Within 30 days after receipt of such application, the Company shall notify attachee in writing whether or not it is willing to permit the attachments and, if so, under what conditions. If such permission is granted, attachee shall have the right to occupy the space allotted by the Company under the conditions specified in such permit and in accordance with the terms contained herein but Company shall not be required to set a pole for the sole use by attachee. Company will not deny attachee the right to attach to a pole, if space is or can be made available.
3. All attachments are to be placed on poles of the Company in a manner satisfactory to the Company and so as not to interfere with the present or any future use which the Company may desire to make of such poles, wires or other facilities. All attachments shall be installed and maintained by attachee so as to comply at least with the minimum requirements of the National Electrical Safety Code and any other applicable regulations or codes promulgated by federal, state, local or other governmental authority having jurisdiction. Attachee shall take any necessary precautions, by the installation of protective equipment or other means, to protect all persons and property of all kinds against injury or damage occurring by reason of attachee's attachments on the Company's poles. The Company shall be the sole judge as to the requirements for the present or future use of its poles and equipment and of any interference therewith.
4. In any case where it is necessary for the Company to replace a pole because of the necessity of providing adequate space or strength to accommodate the attachments of attachee thereon, either at the request of attachee or to comply with the above codes and regulations, the attachee shall pay the Company the total cost of this replacement. Such cost shall be the total estimated cost of the new pole including material, labor, and applicable overheads, plus the cost of transferring existing electric facilities to the new pole, plus the cost of removal of the existing pole and any other incremental cost required to provide for the attachments of the attachee, including any applicable taxes the Company may be required to pay because of this change in plant, minus salvage value of any poles removed.

Attachee shall also pay to the Company and other owners thereof the cost of removing all existing attachments from the existing pole and re-establishing the same or like attachments on the newly installed pole. The new pole shall be the property of the Company regardless of any payments by attachee towards its cost and attachee shall acquire no right, title or interest in such pole.

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**TERMS AND CONDITIONS (Contd.)**

5. If attachee's proposed attachments can be accommodated on existing poles of the Company by rearranging facilities of the company and of other attachees or permittees thereon, such rearrangement shall be made by the Company and such other attachees or permittees, and attachee shall on demand reimburse the Company and such other attachees or permittees for any expense incurred by them in transferring or rearranging such facilities. Any additional guying required by reason of the attachments of attachee shall be made by attachee at its expense, and to the satisfaction of the Company.
6. Whenever the Company discovers any unauthorized attachments of attachee, attachee shall pay to the Company an amount equal to twice the rental that would have been due had the installation been made the day after the Company's last inspection. The payment of these charges shall not relieve attachee of any responsibility, obligation imposed by law or assumed herein.
7. Whenever the Company notifies attachee in writing that the attachments of attachee interfere with the operation of facilities of the Company or other attachees or permittees, or constitute a hazard to the service rendered by the Company or other attachees or permittees, or fail to comply with codes or regulations above-mentioned, or are substandard in any way, attachee shall within 10 days after the date of such notice, remove, rearrange, or change its attachments as directed by the Company. In case of emergency, the Company reserves the right to remove or relocate the attachments of attachee at attachee's expense and without notice.
8. Attachee agrees to indemnify and save harmless Company from and against any and all liability, loss, damage, costs, attorney fees, or expense, of whatsoever nature or character, arising out of or occasioned by any claims or any suit for damages, injunction or other relief, on account of injury to or death of any person, or damage to any property including the loss of use thereof, or on account of interruption of attachee's service to its subscribers or others, or for public charges and penalties for failure to comply with federal, state or local laws or regulations, growing out of or in connection with any actual or alleged negligent act or omission, whether said negligence is sole, joint or concurrent, of attachee or its servants, agents or subcontractors, whether or not due in part to any act, omission or negligence of Company or any of its representatives or employees. Company may require attachee to defend any suits concerning the foregoing, whether such suits are justified or not.
9. Attachee agrees to obtain and maintain at all times during the period attachee has attachments on Company's poles, policies of insurance or bonds in lieu thereof providing an equivalent protection as follows:
  - (a) Public liability and automobile liability insurance for itself in an amount not less than \$500,000.00 for bodily injury to or death of any one person, and, subject to the same limit for any one person, in an aggregate amount not less than \$1,000,000.00 for any one occurrence.

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**TERMS AND CONDITIONS (Contd.)**

- (b) Property damage liability insurance for itself in an amount not less than \$500,000.00 for any one occurrence.
  - (c) Contractual liability insurance in the amounts set forth in (a) and (b) above, to cover the liability assumed by the attachee under the agreements of indemnity set forth herein.
10. Prior to making attachments to the Company's poles, attachee shall furnish to the Company two copies of a certificate or bond, from an insurance carrier or bond company acceptable to the Company, stating the policies of insurance or bond have been issued by it to attachee providing for the insurance or indemnity listed above and that such policies or bonds are in force. Such certificate shall state that the insurance carrier or bond company will give the Company 30 days prior written notice of any cancellation of or material change in such policies or bonds. The certificate or bond shall also quote in full the agreements of indemnity set forth herein as evidence of the type of contractual liability coverage furnished. If such certificate or bond recites that it is subject to any exceptions or exclusions, such exceptions or exclusions shall be stated in full in such certificate or bond, and the Company may, at its discretion, require attachee, before starting work, to obtain policies of insurance or bonds which are not subject to any exceptions or exclusions which the Company finds objectionable.
11. The Company reserves the right, without liability to attachee or its subscribers, to discontinue the use of, remove, replace or change the location of any or all of the Company's poles, attachments or facilities regardless of any occupancy of the Company's poles by attachee, and attachee shall at its sole cost after written notice by the Company, make such changes in, including removal or transfer of, its attachments as shall be required by such action of the Company. Attachee shall make such changes within 10 days after written notice when such movement is to the same or another pole of Company and within 30 days when Company plans to abandon a pole and no other pole is available or planned to be installed by Company. If attachee fails to make such changes within the required time period after written notice by the Company or in case of an emergency, the Company reserves the right to make such changes to the attachments of attachee at attachee's expense and without notice, and no liability therefor shall be incurred by the Company, unless Company is solely negligent, because of such action for any consequential damages, including but not limited to loss of service to customers of attachee. Company may not require that attachee remove attachments for the sole reason to make room for Company on an existing pole.
12. Attachee may at any time abandon the use of a jointly used pole hereunder by removing therefrom all of its attachments and by giving written notice thereof to the Company.

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Issued by authority of an Order of the Kentucky Public Service Commission dated in Case No. 2006-00172.

Issued: March 31, 2006

Effective: July 1, 2006

Issued by Sandra P. Meyer, President

Duke Energy Kentucky  
1697-A Monmouth Street  
Newport, Kentucky 41071

KY. P.S.C. Electric No. 1  
Original Sheet No. 92  
Page 5 of 6

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**TERMS AND CONDITIONS (Contd.)**

13. Attachee shall secure any right, license or permit from any governmental body, authority, or other person or persons which may be required for the construction or maintenance of attachments of attachee, at its expense. The Company does not guarantee any easements, rights-of-way or franchises for the construction and maintenance of such attachments. Attachee hereby agrees to indemnify and save harmless the Company from any and all claims, including the expenses incurred by the Company to defend itself against such claims, resulting from or arising out of the failure of attachee to secure such right, license, permit or easement for the construction or maintenance of such attachments on the Company's poles.
14. Electric service for cable television power supplies of attachee shall be supplied from the lines of the Company in the manner specified by the Company.
15. The Company shall have the right, from time to time while any poles are being used by attachee, to grant, by contract or otherwise, to others, rights or privileges to use any poles being used by attachee, and the Company shall have the right to continue and extend any such rights or privileges heretofore granted. The attachment privileges granted hereunder to an attachee shall at all times be subject to all previously granted rights pursuant to agreements between Company and others covering poles in joint use but shall not be subject to subsequently granted rights.
16. Attachee shall furnish bond, as specified by the Company, to guarantee the performance of the obligations assumed by attachee under the terms herein contained not otherwise covered by the insurance required by paragraph 9. Such bond shall be submitted to the Company prior to attachee's making attachments to the Company's poles. The amount of the bond may be reduced after the construction phase has been completed, and after attachee has proven to be a reliable utility customer. Allowance of such reduction shall not be unreasonably denied.
17. In case one party is obligated to perform certain work at its own expense and the parties mutually agree in writing that it is desirable for the other party to do such work, then such other party shall promptly do the work at the sole expense of the party originally obligated to perform the same. Bills for expense so incurred shall be due and payable within 30 days after presentation.
18. If attachee fails to comply with any of the provisions herein contained or defaults in the performance of any of its obligations herein contained and fails within 60 days after written notice from the Company to correct such default or non-compliance, the Company may, at its option, forthwith terminate the specific permit or permits covering the poles and attachee's attachments to which such default or non-compliance is applicable and any or all other permits of attachee, and remove attachments of attachee at attachee's expense, and no liability therefor shall be incurred by the Company because of such action except damages to facilities caused by the sole negligence of Company.

Issued by authority of an Order of the Kentucky Public Service Commission dated in Case No. 2006-00172.

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Issued: March 31, 2006

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Duke Energy Kentucky  
1697-A Monmouth Street  
Newport, Kentucky 41071

KY. P.S.C. Electric No. 1  
Original Sheet No. 92  
Page 6 of 6

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**TERMS AND CONDITIONS (Contd.)**

19. The area covered by the application will be set forth on a map, attached to, and made a part of the application. Such area may be extended or otherwise modified by a supplemental agreement mutually agreed upon and signed by the attachee and the Company with a new map attached thereto showing the changed area to be thereafter covered by the application. Such supplement shall be effective as of the date of final execution thereof and shall be attached to all executed copies of the application.
20. If attachee does not exercise the rights granted herein within six months from the date of the application, the application shall be void.
21. The provisions herein shall be binding upon and inure to the benefit of the parties thereto, their respective successors and/or assigns, but attachee shall not assign, transfer or sublet any of the rights hereby granted or obligations hereby assumed without the prior written consent of the Company.

**SERVICE REGULATIONS**

The supplying and billing for service, and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission.

Issued by authority of an Order of the Kentucky Public Service Commission dated in Case No. 2006-00172.

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Issued: March 31, 2006

Effective: July 1, 2006

Issued by Sandra P. Meyer, President



**Attorney General Second Set Data Requests  
Duke Energy Kentucky Case No. 2006-00172  
Date Received: August 09, 2006  
Response Due Date: August 23, 2006**

**AG-DR-02-010**

**REQUEST:**

10. Is there an allowance in the Company's FAC rate for the recovery of the PSC assessment fees and uncollectibles associated with the fuel adjustment clause revenues? If not, how are these fuel revenue related fees and expenses recovered by the Company?

**RESPONSE:**

The Company's proposed FAC does not include a provision for PSC assessment fees or uncollectible expenses. The Company's forecasted test year expenses for both of these fees are based on estimated "total" test year revenue including fuel clause revenue.

**WITNESS RESPONSIBLE:** William Don Wathen, Jr.



**Attorney General Second Set Data Requests  
Duke Energy Kentucky Case No. 2006-00172  
Date Received: August 09, 2006  
Response Due Date: August 23, 2006**

**AG-DR-02-011**

**REQUEST:**

11. Re. response to AG-1-48: the adjusted forecasted period uncollectible expense of \$867,292 represents a ratio of approximately .30% of the total associated forecasted period revenues subject to uncollectibles of \$288,693,617 (see WPD-2.31a). Since this is the effective uncollectible ratio for the forecasted period, why shouldn't this ratio of .30% be included in the gross revenue conversion factor rather than the ratio of .5493% currently reflected by the Company? Please comment in detail.

**RESPONSE:**

The unadjusted amount of uncollectible expenses referred to in response to AG-DR-01-048 is on an amount budgeted based on actual dollar value of historical uncollectible expenses. As shown in Schedule WPH-a, the combination of all factors charged as uncollectible expense would produce an average rate of 1.3425% which, when applied to the \$288,693,617 in forecasted revenues, would result in a budgeted amount of uncollectible expense of \$3,875,712. This includes an amount for the time value of money of \$2,289,942, a portion of which the Company charges below the line to Account 426520. The below-the-line amount of \$599,237 should not have been included in the Company's adjustment on Schedule D-2.31. See below for an adjusted calculation.

<i>Description</i>	<i>Amount</i>
Account 904002	\$3,157,234
Schedule D-2.31 Adjustment	(2,289,942)
Net Charge-off per Filing	867,292
Discount Expense Forecast Variance <sup>(1)</sup>	119,241
Below-the-line Charge-off	599,237
Total Charge-off	1,585,770
Total Billings per WPD-2.31a	\$288,693,617
Uncollectible Ratio	0.5493%

<sup>(1)</sup> Discount expense was calculated by escalating the 2006 Budget by 1.5% rather than using the forecasted 2007 revenues.

The Company is proposing to eliminate all but the bad debt portion of costs related to the sale of its accounts receivable. Based on historical experience, the Company's charge-offs (*i.e.*, bad debt) are projected to be 0.5493%. The end result of the Company's adjustment is to include this bad debt expense in the revenue requirement and the gross revenue conversion factor.

**WITNESS RESPONSIBLE:** William Don Wathen, Jr.





**Attorney General Second Set Data Requests  
Duke Energy Kentucky Case No. 2006-00172**

**Date Received: August 09, 2006**

**Response Due Date: August 23, 2006**

**AG-DR-02-012**

**REQUEST:**

12. With regard to the response to AG-1-47, please provide the following information:
  - a. Does the response shown on Attachment AG-1-47(a) mean that the Company's projected base period expenses of \$1,052,644 and forecasted period expenses of \$1,894,366 would be \$904,752 and \$1,413,816, respectively, without the impact of the transfer of the three plants? Or does it mean that the Company's projected base period expenses of \$1,052,644 and forecasted period expenses of \$1,894,366 would be \$147,892 ( $\$1,052,644 - \$904,752$ ) and \$480,550 ( $\$1,894,366 - \$1,413,816$ ), respectively, without the impact of the transfer of the three plants?
  - b. In the same format as per Attachment AG-1-47(a), provide the actual Professional Services expenses for the 12-month period ended June 30, 2006, as well as for the 6-month period 1/1/06 – 6/30/06. In addition, identify what both of these 12-month and 6-month dollar amounts would be excluding the impact of the transfer of the three plants.

**RESPONSE:**

- a. The response shown on Attachment AG-DR-01-047(a) means that the Company's projected base period expenses of \$1,052,644 and forecasted period expenses of \$1,894,366 would be \$147,892 ( $\$1,052,644 - \$904,752$ ) and \$480,550 ( $\$1,894,366 - \$1,413,816$ ), respectively, without the impact of the transfer of the three plants.
- b. See Attachment AG-DR-02-012(b).

**WITNESS RESPONSIBLE:** William Don Wathen, Jr.

DUKE ENERGY KENTUCKY  
PROFESSIONAL SERVICES EXPENSES

KyPSC Case No. 2006-00172  
Attachment AG-DR-02-012(b)  
Page 1 of 1

Line No.	Project / Description	12- Months Ended June 30, 2006		YTD June 30, 2006	
		Total (\$)	Excluding Plants	Total (\$)	Excluding Plants
1	<u>Legal</u>				
2	EMPLIT - Employee Litigation	9,511	8,000	2,119	1,544
3	FERC - FERC Issues	152,552	166,538	82,271	96,257
4	HRGENRL - General HR legal	2,925	2,554	1,314	943
5	LEGLABOR - Labor	2,255	2,073	2,106	1,924
6	LITIGATI - Litigation	6,583	1,944	1,550	(3,089)
7	PUHCA - PUHCA	11,613	7,419	49	49
8	SEC - Fed Securities Laws	637	573	103	39
9	Total Legal Services	186,076	189,101	89,512	97,667
10					
11	<u>Engineering</u>				
12	None				
13	Total Engineering Services	0	0	0	0
14					
15	<u>Accounting</u>				
16	F&A System				
17	Total Accounting Services	0	0	0	0
18					
19	<u>Other</u>				
20	AUDIT - Audit Services for Environment	2,017	1,969	2,017	1,969
21	BANKRUPT - Bankruptcy	5,706	5,160	5,113	4,567
22	BENEFITS - Employee Benefits	339	301	233	195
23	CIN-10 - Continuous Improvement Now	152	43	152	43
24	CONTRACT - Contracts	1,490	603	1,490	603
25	CORPORAT - Corporate	16,565	10,857	10,771	5,063
26	CUSCHOICE - Customer Choice	10,256	0	10,256	0
27	DIVDRPTG - Dividend Disbursement	166	166	0	0
28	DIVREINV - Dividend Reinvestment	99	99	0	0
29	DUKCIN - Duke-Cinergy	(1,127,068)	(1,348,756)	(388,869)	(610,557)
30	ENVROMNT - Environmental	8,538	12,327	(1,240)	2,549
31	FINANCE - Financings	29,843	151	29,843	151
32	GHG - Greenhouse Gas Reduction	(675)	4	(675)	4
33	INTAUDIT - Internal Audit	74,193	44,485	41,791	12,083
34	INTEGRAT - Integrated Environmental	3,124	88	3,124	88
35	MADLCLS - DLC losses	1,209	(516)	1,209	(516)
36	MAFOREC - Long Term Forecast Report	650	0	650	0
37	MAFXBILL - Fixed Bill	13,468	0	13,468	0
38	MARESDG - Distributed Generation	507	0	507	0
39	MATDPLN - T&D Planning	4,774	0	4,774	0
40	Other - Non Specific	1,498,120	1,048,449	953,381	529,266
41	POST911	9,330	7,187	5,344	3,201
42	REGULATE - Regulatory	9,662	9,662	9,303	9,303
43	SARBOXLY - Sarbanes Oxley	56,749	52,393	30,840	26,484
44	SHAREMTG - Shareholder Meeting	163	84	109	30
45	SPRTNCST - Sep Cost for Reg - Non Reg	2,075	0	2,075	0
46	STOCKTRN - Stock transfer	20,913	10,660	14,277	4,024
47	STPAUL - St Paul Air Ins	7,943	5,710	7,943	5,710
48	TAX - Taxes	9,824	9,559	2,393	2,128
49	TELECOM	2,153	0	5,034	0
50	TRADEMAR - Trademarks	746	599	210	63
51	TRANSACT - Transactions	6,131	6,037	6,131	6,037
52	Total Other Services	669,162	(122,679)	771,654	2,488
53					
54	Total	855,238	66,422	861,166	100,155



**Attorney General Second Set Data Requests  
Duke Energy Kentucky Case No. 2006-00172**

**Date Received: August 09, 2006**

**Response Due Date: August 23, 2006**

**AG-DR-02-013**

**REQUEST:**

13. With regard to the response to PSC-2-101, please provide the following information:
- a. Duke Energy Kentucky's actual effective state income tax rates from its consolidated state income tax filings for each of the years 2001 – 2005.
  - b. The actual effective federal income tax rates from Cinergy's (and, since the merger, Duke Energy's) consolidated income tax filings for each of the years 2001 – 2005.

**RESPONSE:**

- a. Cinergy Corp. files a consolidated state tax filing in the State of Kentucky. In accordance with the Tax Sharing Agreement, state taxes are reported for Duke Energy as if Duke Energy Kentucky filed a separate company state income tax return. The actual state income tax expense reported by Duke Energy Kentucky would be the basis for the calculation of the state effective tax rate. Current and deferred state income tax expense for the years 2001-2005 for Duke Energy Kentucky can be seen in Notes to the Financial Statements in the Cinergy Corp. SEC 10-K filing, which is provided at Attachment AG-DR-02-013(a).
- b. Cinergy Corp. files a consolidated federal income tax return. The actual federal income tax expense for Cinergy would be the basis for the calculation of the federal effective tax rate. The details of Cinergy's federal income tax expense for the years 2001-2005 can be found in the Notes to the Financial Statements in the Cinergy Corp. SEC 10-K filing, which is provided at Attachment AG-DR-02-013(a). The merger of Duke Energy and Cinergy Corp. was effective April 3, 2006; therefore, the 2001 through 2005 tax rates for Cinergy would not have been affected by the merger.

**WITNESS RESPONSIBLE:** Keith G. Butler

**NOTES TO FINANCIAL STATEMENTS**

The following table summarizes federal and state income taxes charged (credited) to income for Cinergy, CG&E, PSI, and ULH&P:

	Cinergy <sup>(1)</sup>			CG&E and subsidiaries			PSI			ULH&P		
	2005	2004	2003	2005	2004	2003	2005	2004	2003	2005	2004	2003
	<i>(in millions)</i>											
<b>Current Income Taxes</b>												
Federal	\$ 107	\$ 78	\$ 34	\$ 213	\$ 88	\$ 84	\$ 126	\$ 52	\$ 45	\$ 5	\$ 3	\$ 1
State	30	30	25	15	17	12	25	11	17	1	-	1
<b>Total Current Income Taxes</b>	<b>137</b>	<b>108</b>	<b>59</b>	<b>228</b>	<b>105</b>	<b>96</b>	<b>151</b>	<b>63</b>	<b>62</b>	<b>6</b>	<b>3</b>	<b>2</b>
<b>Deferred Income Taxes</b>												
Federal												
Depreciation and other property, plant, and equipment-related items	(96)	126	130	(38)	76	74	(58)	61	41	(4)	7	8
Pension and other postretirement benefit costs	5	(29)	23	2	-	10	2	(14)	7	1	-	-
Unrealized energy risk management transactions	9	26	6	(20)	13	5	-	1	1	-	-	-
Fuel costs	32	(48)	7	10	(27)	5	22	(21)	3	1	(1)	-
Purchased power tracker	(2)	4	(5)	-	5	-	(2)	(1)	(7)	-	-	-
Gasification services agreement buyout costs	(3)	-	(3)	-	-	-	(3)	-	(3)	-	-	-
Tax credit carryovers	(47)	(75)	(47)	-	-	-	-	-	-	-	-	-
Other-net	34	3	(40)	(1)	(7)	(20)	9	13	(8)	3	-	(2)
<b>Total Deferred Federal Income Taxes</b>	<b>(68)</b>	<b>7</b>	<b>71</b>	<b>(47)</b>	<b>60</b>	<b>74</b>	<b>(30)</b>	<b>39</b>	<b>34</b>	<b>1</b>	<b>6</b>	<b>6</b>
State	35	(4)	22	8	(1)	13	9	13	8	1	1	2
<b>Total Deferred Income Taxes</b>	<b>(33)</b>	<b>3</b>	<b>93</b>	<b>(39)</b>	<b>59</b>	<b>87</b>	<b>(21)</b>	<b>52</b>	<b>42</b>	<b>2</b>	<b>7</b>	<b>8</b>
<b>Investment Tax Credits-Net</b>	<b>(8)</b>	<b>(8)</b>	<b>(8)</b>	<b>(5)</b>	<b>(5)</b>	<b>(5)</b>	<b>(3)</b>	<b>(3)</b>	<b>(3)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Income Taxes</b>	<b>\$ 96</b>	<b>\$ 103</b>	<b>\$ 144</b>	<b>\$ 184</b>	<b>\$ 159</b>	<b>\$ 178</b>	<b>\$ 127</b>	<b>\$ 112</b>	<b>\$ 101</b>	<b>\$ 8</b>	<b>\$ 10</b>	<b>\$ 10</b>

<sup>(1)</sup> The results of Cinergy also include amounts related to non-registrants.

Internal Revenue Code (IRC) Section 29/45K provides a tax credit (nonconventional fuel source credit) for qualified fuels produced and sold by a taxpayer to an unrelated person during the taxable year. The nonconventional fuel source credit reduced current federal income tax expense approximately \$124 million, \$98 million, and \$84 million for 2005, 2004, and 2003, respectively. See Note 13(c)(ii) for further information on this tax credit.

The following table presents a reconciliation of federal income taxes (which are calculated by multiplying the statutory federal income tax rate by book income before federal income tax) to the federal income tax expense reported in the Statements of Income for Cinergy, CG&E, PSI, and ULH&P.

	Cinergy <sup>(1)</sup>			CG&E and subsidiaries			PSI			ULH&P		
	2005	2004	2003	2005	2004	2003	2005	2004	2003	2005	2004	2003
	<i>(in millions)</i>											
Statutory federal income tax provision	\$ 182	\$ 167	\$ 186	\$ 162	\$ 140	\$ 158	\$ 102	\$ 89	\$ 73	\$ 7	\$ 9	\$ 9
Increases (reductions) in taxes resulting from:												
Amortization of investment tax credits	(8)	(8)	(8)	(5)	(5)	(5)	(3)	(3)	(3)	-	-	-
Depreciation and other property, plant, and equipment-related differences	(1)	8	4	3	4	1	(4)	4	4	(1)	-	(2)
Preferred dividend requirements of subsidiaries	-	1	1	-	-	-	-	-	-	-	-	-
Income tax credits	(124)	(98)	(84)	-	-	-	-	-	-	-	-	-
Foreign tax adjustments	2	4	5	-	-	-	-	-	-	-	-	-
ESOP dividend	(8)	(7)	(6)	-	-	-	-	-	-	-	-	-
Other-net	(12)	11	(1)	1	4	(1)	(3)	(2)	2	-	-	-
<b>Federal Income Tax Expense</b>	<b>\$ 31</b>	<b>\$ 78</b>	<b>\$ 97</b>	<b>\$ 161</b>	<b>\$ 143</b>	<b>\$ 153</b>	<b>\$ 92</b>	<b>\$ 88</b>	<b>\$ 76</b>	<b>\$ 6</b>	<b>\$ 9</b>	<b>\$ 7</b>

<sup>(1)</sup> The results of Cinergy also include amounts related to non-registrants.

In January 2006, ULH&P completed the acquisition of certain generating assets of CG&E. The asset transfer, which occurred at net book value, will increase the net deferred income tax liabilities related to these assets by

**NOTES TO FINANCIAL STATEMENTS**

The following table summarizes federal and state income taxes charged (credited) to income for ULH&P:

	2003	ULH&P 2002	2001
	<i>(in thousands)</i>		
<b>Current Income Taxes</b>			
Federal	\$ 783	\$ 3,250	\$ 23,109
State	1,190	5,984	(2,293)
<b>Total Current Income Taxes</b>	<b>1,973</b>	<b>9,234</b>	<b>20,816</b>
<b>Deferred Income Taxes</b>			
Federal			
Depreciation and other property, plant, and equipment-related items	8,032	2,797	1,042
Pension and other benefit costs	258	(309)	(140)
Fuel costs	-	(696)	(7,338)
Unamortized costs of reacquiring debt	-	(70)	(30)
Service company allocations	-	-	192
Other-net	(1,857)	1,138	212
<b>Total Deferred Federal Income Taxes</b>	<b>6,433</b>	<b>2,860</b>	<b>(6,062)</b>
<b>Deferred State Income Taxes</b>	<b>1,640</b>	<b>522</b>	<b>(781)</b>
<b>Total Deferred Income Taxes</b>	<b>8,073</b>	<b>3,382</b>	<b>(6,843)</b>
<b>Investment Tax Credits-Net</b>	<b>(265)</b>	<b>(267)</b>	<b>(274)</b>
<b>Total Income Taxes</b>	<b>\$ 9,781</b>	<b>\$ 12,349</b>	<b>\$ 13,699</b>

The following table presents a reconciliation of federal income taxes (which are calculated by multiplying the statutory federal income tax rate by book income before federal income tax) to the federal income tax expense reported in the Statements of Income for ULH&P.

	2003	ULH&P 2002	2001
	<i>(in thousands)</i>		
Statutory federal income tax provision	\$ 9,093	\$ 6,298	\$ 18,444
Increases (reductions) in taxes resulting from:			
Amortization of investment tax credits	(265)	(267)	(274)
Depreciation and other property, plant, and equipment-related differences	(1,379)	(387)	23
Other-net	(498)	199	(1,420)
<b>Federal Income Tax Expense</b>	<b>\$ 6,951</b>	<b>\$ 5,843</b>	<b>\$ 16,773</b>





**Attorney General Second Set Data Requests  
Duke Energy Kentucky Case No. 2006-00172  
Date Received: August 09, 2006  
Response Due Date: August 23, 2006**

**AG-DR-02-014**

**REQUEST:**

14. With regard to the responses to PSC-2-99 and PSC-1-18, please provide the following information:
- a. The response to PSC-1-18 refers to an Attachment which the AG did not receive. Please provide a copy of this Attachment.
  - b. Confirm that the estimated 2007 labor savings of \$1,226,000 represent recurring annual cost savings and that the separation costs of \$385,100 represent one-time costs.
  - c. Provide all evidence in support of the Company's claim that the early retirement plans and employee reduction programs in question are a direct result of the merger with Duke Energy and that the cost savings from these programs are included in the negotiated Merger Savings Credit.
  - d. Is it the Company's position that all future employee reduction initiatives to be implemented by Duke Energy will be a direct result of the merger and will have been included in the negotiated Merger Savings Credit?

**RESPONSE:**

- a. See Attachment KyPSC-DR-01-018. We have verified with the Attorney General's office that it was received in Volume 4 of 8 of responses to Staff's Initial Request for Information.
- b. The response to KyPSC-DR-01-018 was incorrect. The amount identified as the 2007 labor savings related to the merger inadvertently excluded labor savings associated with the transferred generating assets. The first page of Attachment AG-DR-02-014(b) is an excerpt from an exhibit in the recent merger case sponsored by Duke Energy Kentucky witness Barry F. Blackwell. Adding the "ULH&P Electric" and "Asset Transfer" columns shows that labor savings for 2007 were estimated to be \$2,470,200 for 2007.

Similarly, the separation costs provided in response to KyPSC-DR-01-018 also failed to include the separation costs associated with the transferred generating plants. The correct amount of separation costs for 2007 is \$796,100.

The labor savings associated with the headcount reductions leading to the \$2,470,200 (as adjusted) for 2007 will persist beyond 2007. Additional separation costs are expected beyond 2007 associated with the merger, as shown in Attachment AG-DR-02-014(b), pages 2 and 3.

- c. The net savings and merger credit were determined by the Commission in its November 29, 2005 Order in Case No. 2005-00228. The Commission relied on the same data included in Attachment AG-DR-02-014(b), and to a schedule included the Stipulation approved by the Commission (also attached here for reference as Attachment AG-DR-02-014(c)). All of the evidence relied on by the Commission in approving the merger credit, including the analysis of merger savings, is available on the Commission's website for review.
- d. Future employee reduction initiatives may or may not be implemented as a direct result of the merger. The amount of the merger credit was based on a sharing of projected savings from the merger at the time the merger application was made.

**WITNESS RESPONSIBLE:** C. James O'Connor

**New Duke Energy**  
**Allocation of Merger Savings / Costs Between ULHP and Other Duke Energy Companies**  
**2006 - 2010**  
**(\$ in 000's)**

	2007					
	ULH&P Gas	ULH&P Electric	Asset Transfer	Total ULH&P	Other New Duke Energy	Total
<b>Labor Savings</b>						
Executive Management	\$ 70.6	\$ 121.8	\$ 191.5	\$ 383.9	\$ 15,363.9	\$ 15,747.8
Legal	32.1	47.9	24.8	104.7	2,889.7	2,994.4
External Relations	48.7	69.6	-	118.3	2,176.5	2,294.8
Finance and Accounting	70.4	121.4	191.0	382.8	15,319.7	15,702.5
Human Resources	28.4	84.8	85.1	198.2	6,705.2	6,903.4
Information Systems	51.8	89.4	141.1	282.4	10,964.1	11,246.5
Administration & Support	21.0	36.2	56.9	114.0	4,562.4	4,676.4
Retail Marketing & Sales	161.5	149.7	-	311.2	5,249.4	5,560.6
Customer Service	106.6	152.4	-	259.0	6,247.7	6,506.7
Purchasing and Materials Management	24.8	22.1	74.7	121.6	4,022.3	4,143.9
Electric Transmission	-	126.6	-	126.6	3,901.1	4,027.7
Electric Distribution	-	197.4	-	197.4	7,525.1	7,722.5
Gas Operations	-	-	-	-	-	-
Fossil Power Supply	-	-	479.1	479.1	7,397.2	7,876.3
Electric System Tech Support	-	6.6	-	6.6	744.2	750.8
Hydro Power Generation	-	-	-	-	-	-
Nuclear Power Supply	-	-	-	-	-	-
<b>Total Labor Savings</b>	<b>\$ 615.7</b>	<b>\$ 1,226.0</b>	<b>\$ 1,244.2</b>	<b>\$ 3,085.9</b>	<b>\$ 93,068.4</b>	<b>\$ 96,154.3</b>
	1%	1%	1%	3%	97%	100%
<b>Non-Labor Savings</b>						
Professional Services	\$ 188.3	\$ 324.9	\$ 510.9	\$ 1,024.0	\$ 40,984.6	\$ 42,008.60
Benefits	46.6	92.8	115.6	255.0	7,873.2	8,128.2
Insurance	25.4	43.9	69.0	138.3	5,538.0	5,676.3
Facilities	20.8	35.9	56.6	113.2	4,395.1	4,508.3
A&G Overhead	42.9	75.9	91.7	210.5	7,705.4	7,915.9
Shareholder Services	8.3	14.3	22.5	45.1	1,802.2	1,847.3
Inventory	1.9	2.0	-	3.9	1,086.1	1,090.0
Directors' Fees	3.6	6.3	9.9	19.8	793.4	813.2
Dues	-	-	-	-	-	-
EEI	-	10.5	-	10.5	373.0	383.5
EPR	-	-	15.8	15.8	363.8	379.6
Transportation	3.4	5.8	9.2	18.4	736.3	754.7
Information Technology	133.1	229.7	362.5	725.4	28,163.4	28,888.8
Supply Chain	-	-	-	-	-	-
Contract Services	50.7	87.6	213.0	351.3	19,193.7	19,545.0
Materials and Supplies	14.5	25.1	254.0	293.6	11,985.9	12,279.5
<b>Total Non-Labor Savings</b>	<b>\$ 539.6</b>	<b>\$ 954.7</b>	<b>\$ 1,730.7</b>	<b>\$ 3,225.0</b>	<b>\$ 130,993.9</b>	<b>\$ 134,218.9</b>
	0%	1%	1%	2%	98%	100%
<b>Total Labor and Non-Labor Savings</b>	<b>\$ 1,155.3</b>	<b>\$ 2,180.6</b>	<b>\$ 2,974.9</b>	<b>\$ 6,310.8</b>	<b>\$ 224,062.4</b>	<b>\$ 230,373.2</b>
	1%	1%	1%	3%	97%	100%
<b>Cost To Achieve</b>						
Separation Costs	\$ 223.2	\$ 385.1	\$ 411.0	\$ 1,019.3	\$ 30,741.6	\$ 31,760.9
Retention Costs	61.3	91.4	152.0	304.7	12,195.3	12,500.0
Relocation Costs	25.4	36.4	61.6	123.4	4,939.1	5,062.5
System Integration Costs	639.4	1,359.8	620.1	2,619.3	63,958.0	66,577.3
Directors & Officers Liability Tail	-	-	-	-	-	-
Regulatory Process Costs	-	-	-	-	-	-
Facilities Integration Costs	23.0	39.8	62.7	125.5	4,874.5	5,000.0
Internal / External Communication Costs	-	-	-	-	-	-
Transition Costs	16.7	23.9	40.5	81.2	3,247.5	3,328.7
Transaction Costs	-	-	-	-	-	-
<b>Total Cost To Achieve</b>	<b>\$ 989.1</b>	<b>\$ 1,936.5</b>	<b>\$ 1,347.9</b>	<b>\$ 4,273.4</b>	<b>\$ 119,956.0</b>	<b>\$ 124,229.4</b>
	1%	2%	1%	3%	97%	100%
<b>Net Savings and Cost To Achieve</b>	<b>\$ 166.2</b>	<b>\$ 244.2</b>	<b>\$ 1,627.0</b>	<b>\$ 2,037.4</b>	<b>\$ 104,106.4</b>	<b>\$ 106,143.8</b>
	0%	0%	2%	2%	98%	100%
<b>Pre-Merger Initiatives</b>	<b>\$ (8.8)</b>	<b>\$ (15.1)</b>	<b>\$ (23.8)</b>	<b>\$ (47.7)</b>	<b>\$ (1,908.7)</b>	<b>\$ (1,956.4)</b>
	0%	1%	1%	2%	98%	100%
<b>Total Net Savings and Cost To Achieve</b>	<b>\$ 157.5</b>	<b>\$ 229.0</b>	<b>\$ 1,603.2</b>	<b>\$ 1,989.7</b>	<b>\$ 102,197.7</b>	<b>\$ 104,187.4</b>
	0%	0%	2%	2%	98%	100%

New Duke Energy  
Allocation of Merger Savings / Costs Between ULHP and Other Duke Energy Companies  
2008 - 2010  
(\$ In 000's)

	2008				2007				2006			
	ULHP Gas	ULHP Electric	Asset Transfer	Total	ULHP Gas	ULHP Electric	Asset Transfer	Total	ULHP Gas	ULHP Electric	Asset Transfer	Total
Executive Management	\$ 44.6	\$ 27.4	\$ 76.0	\$ 148.0	\$ 70.8	\$ 121.8	\$ 101.5	\$ 363.9	\$ 74.1	\$ 127.8	\$ 201.0	\$ 402.9
Finance and Accounting	\$ 18.4	\$ 27.4	\$ 14.2	\$ 60.0	\$ 32.1	\$ 87.9	\$ 24.8	\$ 104.7	\$ 33.8	\$ 50.2	\$ 26.1	\$ 110.0
Human Resources	\$ 46.4	\$ 68.3	\$ 68.3	\$ 112.7	\$ 46.7	\$ 80.0	\$ 118.3	\$ 2,176.5	\$ 51.1	\$ 73.1	\$ 134.2	\$ 2,283.9
Information Systems	\$ 38.4	\$ 68.3	\$ 104.3	\$ 208.1	\$ 70.4	\$ 121.4	\$ 191.0	\$ 3,022.5	\$ 28.8	\$ 88.9	\$ 89.3	\$ 208.0
Administration & Support	\$ 21.0	\$ 65.4	\$ 65.4	\$ 153.0	\$ 28.4	\$ 80.0	\$ 85.1	\$ 1,088.2	\$ 28.8	\$ 88.9	\$ 89.3	\$ 208.0
Retail Marketing & Sales	\$ 22.0	\$ 38.6	\$ 34.5	\$ 108.6	\$ 51.8	\$ 98.2	\$ 114.0	\$ 4,852.4	\$ 22.0	\$ 38.6	\$ 34.5	\$ 108.6
Customer Service	\$ 20.0	\$ 34.5	\$ 54.2	\$ 108.6	\$ 21.0	\$ 46.7	\$ 59.9	\$ 4,878.4	\$ 22.0	\$ 38.6	\$ 34.5	\$ 108.6
Purchasing and Materials Management	\$ 153.9	\$ 142.8	\$ 72.0	\$ 268.5	\$ 104.8	\$ 182.4	\$ 258.0	\$ 6,508.7	\$ 188.5	\$ 148.8	\$ 78.4	\$ 384.0
Electric Distribution	\$ 60.3	\$ 21.1	\$ 71.2	\$ 152.5	\$ 24.8	\$ 22.1	\$ 74.7	\$ 4,022.3	\$ 28.0	\$ 33.2	\$ -	\$ 61.2
Gas Operations	\$ -	\$ 61.1	\$ -	\$ 61.1	\$ -	\$ 197.4	\$ -	\$ 3,801.1	\$ -	\$ 215.2	\$ -	\$ 215.2
Electric System Tech Support	\$ -	\$ 4.5	\$ 288.2	\$ 292.7	\$ -	\$ 0.8	\$ 478.1	\$ 7,387.2	\$ -	\$ 7.2	\$ -	\$ 7.2
Hydro Power Generation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 744.2	\$ -	\$ -	\$ -	\$ -
Nuclear Power Supply	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 750.8	\$ -	\$ -	\$ -	\$ -
Total Labor Savings	\$ 440.3	\$ 756.5	\$ 759.2	\$ 1,956.0	\$ 615.7	\$ 1,228.0	\$ 1,244.2	\$ 9,086.4	\$ 712.8	\$ 1,403.8	\$ 1,403.1	\$ 3,519.7
Professional Services	\$ 180.3	\$ 311.2	\$ 489.3	\$ 880.8	\$ 486.8	\$ 924.8	\$ 610.9	\$ 1,023.0	\$ 188.5	\$ 339.2	\$ 533.4	\$ 1,068.1
Benefits	\$ 24.8	\$ 42.9	\$ 67.5	\$ 135.2	\$ 25.4	\$ 82.8	\$ 115.6	\$ 255.0	\$ 51.2	\$ 100.8	\$ 128.0	\$ 278.0
Insurance	\$ 14.3	\$ 24.8	\$ 38.1	\$ 78.2	\$ 35.0	\$ 43.0	\$ 69.0	\$ 138.3	\$ 24.0	\$ 44.0	\$ 70.6	\$ 141.5
Facilities	\$ 31.2	\$ 55.3	\$ 44.1	\$ 148.6	\$ 42.0	\$ 75.9	\$ 91.7	\$ 218.2	\$ 48.0	\$ 40.6	\$ 64.1	\$ 128.3
AGG Overhead	\$ 6.1	\$ 14.0	\$ 22.0	\$ 44.1	\$ 8.3	\$ 14.3	\$ 22.5	\$ 7,055.4	\$ 8.5	\$ 14.6	\$ 23.0	\$ 46.1
Inventory	\$ 3.8	\$ 4.0	\$ 1.0	\$ 7.7	\$ 1.0	\$ 2.0	\$ 3.9	\$ 1,088.1	\$ 1.9	\$ 2.0	\$ 2.0	\$ 3.9
Director's Fees	\$ 3.6	\$ 6.1	\$ 0.7	\$ 10.4	\$ 3.6	\$ 6.3	\$ 0.9	\$ 733.4	\$ 3.7	\$ 6.4	\$ 10.1	\$ 20.3
EBIT	\$ -	\$ 10.3	\$ -	\$ 10.3	\$ -	\$ 10.5	\$ -	\$ 373.0	\$ -	\$ 10.8	\$ -	\$ 10.8
EBIT	\$ -	\$ 15.4	\$ 15.4	\$ 30.8	\$ -	\$ 5.8	\$ 15.8	\$ 333.8	\$ -	\$ 6.0	\$ 16.2	\$ 22.2
Transportation	\$ 3.3	\$ 5.7	\$ 0.0	\$ 8.0	\$ 3.4	\$ 5.8	\$ 0.2	\$ 75.4	\$ 3.5	\$ 6.0	\$ 0.4	\$ 9.5
Information Technology	\$ 73.8	\$ 127.3	\$ 200.9	\$ 402.0	\$ 133.1	\$ 228.7	\$ 92.5	\$ 2,888.8	\$ 203.1	\$ 350.0	\$ 553.1	\$ 1,106.8
Supply Chain	\$ 43.9	\$ 75.8	\$ 164.3	\$ 304.0	\$ 50.7	\$ 87.6	\$ 213.0	\$ 951.3	\$ 57.7	\$ 99.6	\$ 242.3	\$ 398.9
Contract Services	\$ 11.8	\$ 20.4	\$ 208.3	\$ 239.5	\$ 14.5	\$ 25.1	\$ 254.0	\$ 1,195.9	\$ 17.3	\$ 28.8	\$ 302.9	\$ 350.2
Materials and Supplies	\$ 398.0	\$ 697.8	\$ 1,305.5	\$ 2,402.3	\$ 538.6	\$ 954.7	\$ 1,730.7	\$ 3,225.0	\$ 641.0	\$ 1,130.1	\$ 2,055.8	\$ 3,827.0
Total Non-Labor Savings	\$ 0%	\$ 1%	\$ 1%	\$ 2%	\$ 0%	\$ 1%	\$ 1%	\$ 9%	\$ 0%	\$ 1%	\$ 1%	\$ 2%
Total Labor and Non-Labor Savings	\$ 839.3	\$ 1,454.2	\$ 2,041.7	\$ 4,359.3	\$ 1,155.3	\$ 2,180.8	\$ 2,074.9	\$ 6,310.8	\$ 1,333.8	\$ 2,533.8	\$ 3,458.9	\$ 7,348.6
Cost To Achieve	\$ 489.2	\$ 861.5	\$ 883.2	\$ 2,233.9	\$ 223.2	\$ 385.1	\$ 411.0	\$ 1,019.3	\$ 63.0	\$ 108.7	\$ 113.8	\$ 285.4
Separation Costs	\$ 61.3	\$ 91.4	\$ 152.0	\$ 304.7	\$ 91.4	\$ 152.0	\$ 182.0	\$ 304.7	\$ -	\$ -	\$ -	\$ -
Retention Costs	\$ 25.4	\$ 38.4	\$ 61.8	\$ 123.4	\$ 25.4	\$ 38.4	\$ 61.8	\$ 123.4	\$ 14.9	\$ 22.4	\$ 30.9	\$ 47.3
System Integration Costs	\$ 243.0	\$ 851.5	\$ 418.8	\$ 1,312.1	\$ 69.4	\$ 1,359.8	\$ 620.1	\$ 2,619.3	\$ 814.9	\$ 855.1	\$ 308.9	\$ 2,076.0
Directors & Officers Liability Tail	\$ 34.8	\$ 104.3	\$ 133.8	\$ 272.9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Regulatory Process Costs	\$ 163.8	\$ 282.8	\$ 62.7	\$ 449.3	\$ 23.0	\$ 38.6	\$ 62.7	\$ 126.5	\$ -	\$ -	\$ -	\$ -
Facilities Integration Costs	\$ 23.0	\$ 38.8	\$ 125.5	\$ 197.3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal / External Communication Costs	\$ 144.8	\$ 134.3	\$ 277.9	\$ 557.0	\$ 16.7	\$ 23.8	\$ 40.5	\$ 81.2	\$ -	\$ -	\$ -	\$ -
Transaction Costs	\$ 94.8	\$ 135.6	\$ 229.4	\$ 459.8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Cost To Achieve	\$ 1,555.6	\$ 2,874.0	\$ 3,148.8	\$ 7,729.8	\$ 689.1	\$ 1,836.5	\$ 1,347.9	\$ 4,273.4	\$ 877.8	\$ 1,063.8	\$ 420.7	\$ 2,392.3
Net Savings and Cost To Achieve	\$ 1%	\$ 1%	\$ 1%	\$ 3%	\$ 1%	\$ 2%	\$ 1%	\$ 3%	\$ 2%	\$ 2%	\$ 4%	\$ 5%
Pre-Merger Initiatives	\$ (6.8)	\$ (14.8)	\$ (23.3)	\$ (44.7)	\$ (8.8)	\$ (15.1)	\$ (23.8)	\$ (42.7)	\$ (9.0)	\$ (15.9)	\$ (24.1)	\$ (40.9)
Total Net Savings and Cost To Achieve	\$ (724.8)	\$ (1,352.2)	\$ (1,108.2)	\$ (2,800.2)	\$ (157.5)	\$ 229.0	\$ 1,032.2	\$ 1,992.7	\$ (487.0)	\$ (1,454.0)	\$ 3,013.8	\$ 4,035.4
	\$ 1%	\$ 1%	\$ 1%	\$ 3%	\$ 0%	\$ 0%	\$ 2%	\$ 9%	\$ 0%	\$ 1%	\$ 1%	\$ 2%

New Duke Energy  
Allocation of Merger Savings / Costs Between ULHP and Other Duke Energy Companies  
2008 - 2010  
(\$ In 000's)

	2008				2010				2008 - 2010			
	ULHP Gas	ULHP Electric	Asset Transfer	Total ULHP	ULHP Gas	ULHP Electric	Asset Transfer	Total ULHP	ULHP Gas	ULHP Electric	Asset Transfer	Total ULHP
<b>Non-Labor Savings</b>												
Executive Management	\$ 77.7	\$ 134.1	\$ 210.0	\$ 421.7	\$ 18,918.0	\$ 17,340.7	\$ 173,407.7	\$ 77.7	\$ 134.1	\$ 210.0	\$ 421.7	
Legal	35.3	62.7	27.3	115.3	3,182.1	3,287.4	32,874.5	35.3	62.7	27.3	115.3	
External Relations	53.6	120.7	-	174.3	2,380.2	2,526.5	25,265.5	53.6	120.7	-	174.3	
Human Resources	82.6	142.6	224.3	449.5	18,440.8	18,440.8	184,408.8	82.6	142.6	224.3	449.5	
Information Systems	31.2	93.3	93.7	218.2	7,392.9	7,601.1	76,011.1	31.2	93.3	93.7	218.2	
Administration & Support	82.1	141.7	62.8	286.6	11,815.1	11,815.1	118,151.1	82.1	141.7	62.8	286.6	
Retail Marketing & Sales	23.1	38.8	62.8	124.7	5,023.0	5,748.5	57,485.5	23.1	38.8	62.8	124.7	
Customer Service	177.8	164.8	342.0	684.6	5,179.4	6,122.0	61,220.0	177.8	164.8	342.0	684.6	
Purchasing and Material Management	192.8	232.0	133.8	558.6	4,428.5	4,940.3	49,403.3	192.8	232.0	133.8	558.6	
Electric Distribution	27.3	44.8	82.2	154.3	1,348.6	1,492.3	14,923.3	27.3	44.8	82.2	154.3	
Gas Operations	-	-	-	-	-	-	-	-	-	-	-	
Fossil Power Supply	-	-	-	-	-	-	-	-	-	-	-	
Electric System Tech Support	-	-	-	-	-	-	-	-	-	-	-	
Hydro Power Generation	-	-	-	-	-	-	-	-	-	-	-	
Nuclear Power Supply	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Labor Savings</b>	\$ 753.8	\$ 1,482.3	\$ 1,481.1	\$ 3,717.2	\$ 113,855.4	\$ 116,004.3	\$ 1,160,043.3	\$ 753.8	\$ 1,482.3	\$ 1,481.1	\$ 3,717.2	
<b>Non-Labor Savings</b>												
Professional Services	\$ 205.2	\$ 354.1	\$ 558.8	\$ 1,116.1	\$ 44,870.6	\$ 45,786.7	\$ 457,867.7	\$ 205.2	\$ 354.1	\$ 558.8	\$ 1,116.1	
Benefits	55.5	110.1	137.7	303.3	9,388.8	9,661.9	96,619.9	55.5	110.1	137.7	303.3	
Insurance	28.6	41.8	72.3	142.7	5,797.8	5,942.7	59,427.7	28.6	41.8	72.3	142.7	
Facilities	24.1	41.8	65.6	131.5	6,098.6	6,230.1	62,301.1	24.1	41.8	65.6	131.5	
AVG Overhead	8.7	15.0	23.5	47.2	6,040.4	6,183.3	61,833.3	8.7	15.0	23.5	47.2	
Shareholder Services	1.9	2.0	-	3.9	1,088.1	1,090.0	10,900.0	1.9	2.0	-	3.9	
Inventory Fees	3.8	6.6	10.4	20.8	830.6	851.4	8,514.4	3.8	6.6	10.4	20.8	
Dues	-	-	-	-	380.5	401.5	4,015.5	-	-	-	-	
EBI	-	-	-	-	16.5	307.4	3,074.4	-	-	-	-	
Transportation	3.5	6.1	9.8	19.4	770.8	797.4	7,974.4	3.5	6.1	9.8	19.4	
Information Technology	271.6	488.7	739.5	1,499.8	57,457.7	58,957.5	589,575.5	271.6	488.7	739.5	1,499.8	
Supply Chain	64.0	111.9	272.3	448.2	24,538.8	24,885.9	248,859.9	64.0	111.9	272.3	448.2	
Contract Services	20.2	34.9	352.9	408.0	16,048.0	17,058.0	170,580.0	20.2	34.9	352.9	408.0	
Materials and Supplies	\$ 735.1	\$ 1,284.6	\$ 2,384.0	\$ 4,393.7	\$ 17,855.4	\$ 18,248.1	\$ 182,248.1	\$ 735.1	\$ 1,284.6	\$ 2,384.0	\$ 4,393.7	
<b>Total Non-Labor Savings</b>	\$ 1,488.7	\$ 2,788.9	\$ 3,855.1	\$ 8,132.7	\$ 291,020.7	\$ 289,153.4	\$ 2,891,534.4	\$ 1,488.7	\$ 2,788.9	\$ 3,855.1	\$ 8,132.7	
<b>Total Labor and Non-Labor Savings</b>	\$ 3,246.5	\$ 4,271.2	\$ 5,336.2	\$ 11,850.9	\$ 404,876.1	\$ 405,157.7	\$ 4,051,577.7	\$ 3,246.5	\$ 4,271.2	\$ 5,336.2	\$ 11,850.9	
<b>Cost To Achieve</b>												
Separation Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Retention Costs	-	-	-	-	-	-	-	-	-	-	-	
Relocation Costs	-	-	-	-	-	-	-	-	-	-	-	
System Integration Costs	407.8	659.4	288.9	1,356.1	33,387.3	34,743.8	347,438.8	407.8	659.4	288.9	1,356.1	
Directors & Officers Liability Tail	-	-	-	-	-	-	-	-	-	-	-	
Regulatory Process Costs	-	-	-	-	-	-	-	-	-	-	-	
Facilities Integration Costs	-	-	-	-	-	-	-	-	-	-	-	
Internal / External Communication Costs	-	-	-	-	-	-	-	-	-	-	-	
Transition Costs	-	-	-	-	-	-	-	-	-	-	-	
Transaction Costs	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Cost To Achieve</b>	\$ 407.8	\$ 659.4	\$ 288.9	\$ 1,356.1	\$ 33,387.3	\$ 34,743.8	\$ 347,438.8	\$ 407.8	\$ 659.4	\$ 288.9	\$ 1,356.1	
<b>Net Savings and Cost To Achieve</b>	\$ 2,838.7	\$ 3,611.8	\$ 5,047.3	\$ 10,494.8	\$ 370,488.8	\$ 370,413.9	\$ 3,704,139.9	\$ 2,838.7	\$ 3,611.8	\$ 5,047.3	\$ 10,494.8	
<b>Pre-Merger Initiatives</b>												
Total Net Savings and Cost To Achieve	\$ 1,107.7	\$ 2,113.7	\$ 3,541.3	\$ 6,726.7	\$ 255,456.1	\$ 282,381.8	\$ 282,381.8	\$ 1,107.7	\$ 2,113.7	\$ 3,541.3	\$ 6,726.7	

Attachment JPS-2

**The Union Light Heat and Power Company**  
**Case No. 2005-00228**

**Sharing of Merger Savings**  
**(\$ 000's)**  
**(Electric)**

<u>Line No.</u>	Year 1	Year 2	Year 3	Year 4	Year 5	Five Year Total	Annual Average
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
1 Estimated Savings	\$ 3,480.8	\$ 5,116.6	\$ 5,952.9	\$ 6,603.3	\$ 7,238.8	\$ 28,392.4	\$ 5,678.5
2 Estimated Costs	\$ 5,724.2	\$ 3,284.4	\$ 1,484.5	\$ 948.3	\$ 948.7	\$ 12,390.1	\$ 2,478.0
3 Estimated Net Savings	\$ (2,243.4)	\$ 1,832.2	\$ 4,468.4	\$ 5,655.0	\$ 6,290.1	\$ 16,002.3	\$ 3,200.5
4 Gross Savings Returned to Customers	\$ 3,822.200	\$ 3,822.200	\$ 3,822.200	\$ 3,822.200	\$ 3,822.200	\$ 19,111.000	
5 Amortization of Costs Collected from Customers	\$ (2,478.000)	\$ (2,478.000)	\$ (2,478.000)	\$ (2,478.000)	\$ (2,478.000)	\$ (12,390.000)	
6 Net Savings to Customers	\$ 1,344.200	\$ 1,344.200	\$ 1,344.200	\$ 1,344.200	\$ 1,344.200	\$ 6,721.000	



**Attorney General Second Set Data Requests  
Duke Energy Kentucky Case No. 2006-00172**

**Date Received: August 09, 2006**

**Response Due Date: August 23, 2006**

**AG-DR-02-015**

**REQUEST:**

15. Please explain the nature and purpose of the Economic Assistance Program expenses of \$2,018 (forecasted period) shown in the response to PSC-2-21.

**RESPONSE:**

The expenses are for economic development.

**WITNESS RESPONSIBLE:** William Don Wathen, Jr.





**Attorney General Second Set Data Requests  
Duke Energy Kentucky Case No. 2006-00172  
Date Received: August 09, 2006  
Response Due Date: August 23, 2006**

**AG-DR-02-016**

**REQUEST:**

16. Please provide a detailed breakout of all association dues and fees making up the total actual amount of \$130,633 for the 12-month period ended 5/31/06 and the total forecasted period amount of \$181,260. In addition, explain the reason for the increase.

**RESPONSE:**

See Attachment AG-DR-02-016 for a detailed itemization of the 12-months ended May 31, 2006. Detail is not available for the forecasted period. As explained in response to AG-DR-01-057, the reason for the increase is due to differences in accounting for actual versus budget data.

**WITNESS RESPONSIBLE:** William Don Wathen, Jr.

DUKE ENERGY KENTUCKY  
ASSOCIATION DUES - ACCOUNT 930200  
TWELVE MONTHS ENDED MAY 31, 2006

KyPSC Case No. 2006-00172  
Attachment AG-DR-02-016  
Page 1 of 2

<u>Vendor / Description</u>	<u>Amount</u>
AABE CINCINNATI CHAPTER	365.17
ADVERTISING CLUB OF CINCINNATI	7.89
ALLIANCE TO SAVE ENERGY	2,047.50
AMERICAN ASSOC OF BLACKS	5.17
AMERICAN COUNCIL ON RENEWABLE	220.20
AMERICAN GAS ASSOCIATION	4,455.71
AMERICAN LEGISLATIVE EXCHANGE	299.73
AMERICAN MARKETING ASSOCIATION	14.61
AMY DEAN	3.66
ARTHUR W. PAGE SOCIETY	17.90
ASSE - DUES	9.53
BETSY KNOWLES	4.43
BETTINA HAYES	1.82
BUSINESS ROUNDTABLE	8,124.90
CENTER FOR CLEAN AIR POLICY	2,752.50
CINCINNATI BAR ASSOCIATION	9.05
CINCINNATI BUSINESS COMMITTEE	1,526.04
COMMITTEE OF CHIEF RISK	1,591.65
COMMITTEE TO ENCOURAGE	324.00
COMPUTER SECURITY INST	93.30
CONFERENCE BOARD INC	367.59
CORPORATE EXECUTIVE BOARD	2,311.87
DANIEL WEISS	12.11
DEMOCRATIC LEADERSHIP COUNCIL	1,577.50
DONNA KORTE	3.89
DOWNTOWN CINCINNATI INC	102.20
EDISON ELECTRIC INSTITUTE	68,692.32
EHCA	282.75
ENERGY MINERAL LAW FOUNDATION	112.42
EOP GROUP	1,882.00
GCHRA	2.82
GLOBAL ASSOC RISK PROFESSIONAL	4.99
GRANT CO CHAMBER OF COMMERCE	221.06
HARVARD UNIVERSITY	324.00
HBA OF NORTHERN KENTUCKY	60.00
INDIANA BUSINESS DIVERSITY	151.25
INDIANA CHAMBER OF COMMERCE	48.60
INDIANA SELF-INSURERS ASSN INC	10.36
INT L RIGHT OF WAY ASSOC	8.46
INTERNATIONAL PUBLISHING	4.50
JAMES STEWART	34.19
JEREMY LINVILLE	7.45
KELLY HENSON	9.74
KENTUCKY CHAMBER OF COMMERCE	257.45
KENTUCKY SELF INSURERS ASSOC	7.29

DUKE ENERGY KENTUCKY  
ASSOCIATION DUES - ACCOUNT 930200  
TWELVE MONTHS ENDED MAY 31, 2006

<u>Vendor / Description</u>	<u>Amount</u>
KEYSTONE CENTER	946.50
LEADERSHIP CINTI ALUMNI ASSOC	4.12
MARK CLAEYS	6.87
MARY DUNCAN	3.83
MEPAK INC	9.47
MICHELE GRINOCHE	9.56
MIDWEST ENERGY ASSOCIATION	862.36
NAPM	26.42
NAT L INVESTOR RELATIONS INST	20.25
NATIONAL ASSOC OF MFGS	4,146.47
NATIONAL COAL COUNCIL, INC.	486.00
NATIONAL SAFETY COUNCIL	122.23
NERO	18.93
NORTHERN KY CHAMBER COMMERCE	3,703.70
OHIO SELF INSURERS ASSOC	9.72
ORGANIZATION FOR ECONOMIC	1,019.79
PENDLETON CO	189.48
PREVENT BLINDNESS AMERICA	1.82
PRSA	8.91
RESOURCES FOR THE FUTURE	1,835.00
RISK & INSURANCE MGMT SOC INC	31.27
SAFETY COUNCIL OF SOUTHWESTERN	5.59
SCOMBC	453.75
SOCIETY FOR HUMAN RESOURCE	6.03
SOLAR ELECTRIC POWER ASSOCIATI	468.60
SOURCING INTEREST GROUP	199.35
SWOSIA	2.43
THE ASPEN INSTITUTE	1,277.50
THE SUPREME COURT OF OHIO	7.29
THE TAX COUNCIL	126.20
THEODORE BULLENS	17.82
THIRD WAY	3,155.00
US CHAMBER OF COMMERCE	6,480.00
VCIA	43.45
WORLD AT WORK	5.35
WORLD ECONOMIC FORUM	6,550.63
TOTAL ACCOUNT 930200	<u>130,633.26</u>



**Attorney General Second Set Data Requests  
Duke Energy Kentucky Case No. 2006-00172  
Date Received: August 09, 2006  
Response Due Date: August 23, 2006**

**AG-DR-02-017**

**REQUEST:**

17. With regard to the response to AG-1-53, please provide the following information:
- a. Actual EPRI membership dues booked in 2001, 2002, 2005 and the most recent 12-month period for which actual data are available.
  - b. Reason why the Company did not expense such dues in 2003 and 2004 (and, if applicable, in the other years referenced in part a) while projecting such expenses for the forecasted period.
  - c. Basis for the projected forecasted period expenses of \$77,228.

**RESPONSE:**

- a. No EPRI fees were booked in 2001, 2002 and 2005. For the 12-months ended July 2006, \$107,072 in EPRI fees were booked.
- b. The EPRI expenses booked in the 12-month period ended July 2006 are related specifically to research projects involving the development of new generation technologies and new technologies to improve environmental emissions. Prior to 2006, Duke Kentucky had no generation assets; therefore, it did not book any such expenses for the prior time periods.
- c. The projected expenses in the forecasted test period are based upon the projected expenditures to EPRI for participation in generation and environmental research projects, as reflected in the 2006 Budget. See also the Company's response to KyPSC-DR-03-046.

**WITNESS RESPONSIBLE:** Brian P. Davey and John J. Roebel



**Attorney General Second Set Data Requests  
Duke Energy Kentucky Case No. 2006-00172  
Date Received: August 09, 2006  
Response Due Date: August 23, 2006**

**AG-DR-02-018**

**REQUEST:**

18. With regard to the Company's PSA Back-Up related competitive bidding process, please provide the following information:
- a. When will the final results from this bidding process be known and certain?
  - b. Does the currently reflected projected PSA Back-up capacity charge of \$10,431,923 for the forecasted period serve as a "placeholder" cost amount at this time that would be replaced by the final "lowest cost and best supply option" (Esamann testimony, page 6, lines 8-10) produced by the competitive bidding process that is expected to be completed in July 2006? Please explain.

**RESPONSE:**

- a. See response to KyPSC-DR-03-029.
- b. If, as a result of the competitive bidding process, the Company enters into a Back-up Power Supply Agreement ("Back-up PSA") with similar terms to the Back-up PSA approved in Case No. 2003-00252, but with a capacity charge different than the \$10,431,923 per year as supported in Mr. Esamann's testimony, the Company proposes to update this "placeholder" amount with the actual amount of the capacity charge obtained through the competitive bidding process, regardless of whether such capacity charge is greater than or less than \$10,431,923.

**WITNESS RESPONSIBLE:** Douglas F Esamann





**Attorney General Second Set Data Requests  
Duke Energy Kentucky Case No. 2006-00172**

**Date Received: August 09, 2006**

**Response Due Date: August 23, 2006**

**AG-DR-02-019**

**REQUEST:**

19. With regard to the testimony of Mr. Wathen, page 21, lines 7 -- 9, what would the currently filed NITS expense reduction of \$4,187,956 be based on the use of an ROE rate of 10.5% (as opposed to Dr. Morin's recommended ROE rate of 11.5%), as well as based on the use of an ROE rate of 9.5%.

**RESPONSE:**

At an ROE of 10.5%, the adjustment would be \$4,066,872.

At an ROE of 9.5%, the adjustment would be \$3,945,787.

**WITNESS RESPONSIBLE:** William Don Wathen, Jr.



**Attorney General Second Set Data Requests  
Duke Energy Kentucky Case No. 2006-00172  
Date Received: August 09, 2006  
Response Due Date: August 23, 2006**

**AG-DR-02-020**

**REQUEST:**

20. With regard to the response to PSC-1-20, please provide the following information:
- a. Do the employee numbers in the Forecasted Period column represent the full-time employee equivalent of the electric labor hours budgeted for the Forecasted Period that formed the basis for the total forecasted period electric labor cost of \$28,554,063 [see FR 10(9)(h)(10)]? If not, provide the correct facts.
  - b. Provide the equivalent electric operations employee numbers on an actual basis for each of the months 2006 through June 2006 (or July 2006, if available).
  - c. The response to PSC-1-20 indicates an average monthly electric operations employee level of 228 for the forecasted period. Please compare this projected forecasted period employee level of 228 (which presumably includes the full impact of any electric employees that came with the transfer of the plants) to the average actual electric employee levels for the first 6 months of 2006 to be provided in response to part b above (which presumably also includes the full impact of any electric employees that came with the transfer of the plants) and explain any difference between these two average electric employee levels.

**RESPONSE:**

- a. No. See Attachment AG-DR-02-020.
- b. See Attachment AG-DR-02-020.
- c. As indicated in the response to KyPSC-DR-01-020, the employee levels provided in response to KyPSC-DR-01-020 were not equivalent to the \$28,544,063 labor cost dollars. Attachment AG-DR-02-020 equates the employee levels with these costs. In addition, Attachment AG-DR-02-020 provides the comparable 2007 forecast of employees per the request for a comparison to employment levels in 2006. As one might expect, there is some amount of volatility from month-to-month when comparing budget to actual. This volatility is due to differences in budgeted vs. actual work assignments and the timing of vacations, paid holidays, sick time, training, *etc.*, which determine the hours to be charged directly or

allocated. On a year-to-date July basis, there is a difference of fourteen FTEs (389 actual vs. 375 weighted average of monthly forecasted FTEs, year-to-date). This temporary differential is expected to diminish as the yearly average actual is expected to equal or slightly exceed the forecasted FTE level of 371.

**WITNESS RESPONSIBLE:** Brian P. Davey

# DUKE ENERGY KENTUCKY

Number of FTE employees

KyPSC Case No. 2006-00172

Attachment AG-DR-02-020

Page 1 of 1

## Total Electric Operations<sup>1</sup>

<u>Month</u>	<u>Forecasted</u> <u>Period</u>	<u>Forecast</u> <u>Yr.-to-Date</u>	<u>2006</u> <u>Actual</u>	<u>Actual</u> <u>2006</u> <u>Yr-to-Date</u>
January	379		379	
February	391		387	
March	373		399	
April	381		403	
May	368		424	
June	369		370	
July	363	375	356	389
August	354			
September	371			
October	373			
November	368			
December	369			
Total Yearly Average	371			

**1. Includes the allocation of equivalent FTEs from the service corporation**



**Attorney General Second Set Data Requests  
Duke Energy Kentucky Case No. 2006-00172  
Date Received: August 09, 2006  
Response Due Date: August 23, 2006**

**AG-DR-02-021**

**REQUEST:**

21. FR 10(9)(h)(10) indicates electric O&M expense ratios (ratio of electric labor O&M expenses to total electric labor costs) for 2006 of 77.67% and for the 2007 forecasted period of 79.07%. The response to AG-1-63 shows that the comparable electric labor O&M expense ratio for the 12-month period ended 5/31/06 is 73%. In this regard, please provide the following information:
- a. Provide the equivalent actual electric labor cost data and O&M expense ratios for the 12-month period ended June 30, 2006 and for the 6-month period ended June 30, 2006.
  - b. Compare the two actual electric labor O&M expense ratios to be provided in response to part a above to the projected electric labor O&M expense ratio of 79.07% assumed for the forecasted period and provide explanations for the differences.

**RESPONSE:**

a.

<u>Description</u>	<u>YTD</u> <u>June 30, 2006</u>		<u>12 Months Ended</u> <u>June 30, 2006</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
O&M	12,333,032	74%	20,079,611	72%
Other	4,404,140	26%	7,621,848	28%
Total	16,737,172	100%	27,701,459	100%

- b. The primary reason for the relatively minor change in O&M ratios provided in AG-DR-02-021(a), as compared to the ratio assumed for the forecasted period, is that the forecasted period includes the transfer of the Plants for 12 months, while the 12 months ended June 30, 2006 results provided in AG-DR-02-021(a) only include the Plants for six months, thus reflecting the relatively higher O&M labor percentage applicable to the Plants. The budget compared for the same period YTD June 30, 2006, equals the 74% ratio for the actual results.

**WITNESS RESPONSIBLE:** William Don Wathen, Jr.





**Attorney General Second Set Data Requests  
Duke Energy Kentucky Case No. 2006-00172**

**Date Received: August 09, 2006**

**Response Due Date: August 23, 2006**

**AG-DR-02-022**

**REQUEST:**

22. With regard to the response to AG-1-74, please provide the following information:
- a. In the same format and detail as per the response to AG-1-74(b), provide the actual monthly and total employee benefit O&M expenses for the 12-month period ended June 30, 2006.
  - b. Provide explanations for the differences between the actual annual employee benefit O&M expenses to be provided in the response to part a above (which covers a period that only excludes 2 months of the base period) and the corresponding base period employee benefit O&M expenses shown in the response to PSC-1-19(a).
  - c. Please provide explanations for the differences between the projected employee benefit O&M expense components for the forecasted period (shown on Attachment AG-1-74c) and the annualized (use multiple of 2x) actual employee benefit O&M expenses for the first 6 months of 2006.

**RESPONSE:**

- a. See Attachment AG-DR-02-022(a).
- b. See Attachment AG-DR-02-022(b). The variances are due to the fact that the base period contains an additional two months of data, which includes the transfer of the plants.
- c. See Attachment AG-DR-02-022(c). The Company does not believe any variance explanations are necessary because the variances are so minor in nature.

**WITNESS RESPONSIBLE:** William Don Wathen, Jr.

**Duke Energy Kentucky**

**Actual Fringe Benefit Costs for the 12 Months Ended June 2006  
Electric Operations**

**Operation & Maintenance Amounts by Month**

July 2005	305,877
August 2005	237,973
September 2005	294,792
October 2005	279,217
November 2005	266,360
December 2005	149,830
January 2006	707,463
February 2006	682,305
March 2006	838,340
April 2006	759,980
May 2006	942,287
June 2006	<u>745,624</u>
Total	6,210,048

**Fringe Component Percentages**

	<u>2005</u>	<u>2006</u>
401(k)	8.8%	9.3%
Dental	2.3%	2.2%
Life & Disability Insurance	1.5%	1.7%
Medical	25.3%	24.4%
Post Retirement	21.8%	17.4%
Pension	37.8%	42.7%
Other Miscellaneous	<u>2.5%</u>	<u>2.3%</u>
Total	<u>100.0%</u>	<u>100.0%</u>

**Operation & Maintenance by Fringe Component**

	<u>Jul-05</u>	<u>Aug-05</u>	<u>Sep-05</u>	<u>Oct-05</u>	<u>Nov-05</u>	<u>Dec-05</u>	<u>Jan-06</u>	<u>Feb-06</u>	<u>Mar-06</u>	<u>Apr-06</u>	<u>May-06</u>	<u>Jun-06</u>	<u>Total</u>
401(k)	\$ 26,917	\$ 20,942	\$ 25,942	\$ 24,571	\$ 23,440	\$ 13,185	\$ 65,794	\$ 63,454	\$ 77,966	\$ 70,678	\$ 87,633	\$ 69,343	\$ 569,864
Dental	7,035	5,473	6,780	6,422	6,126	3,446	15,564	15,011	18,443	16,720	20,730	16,404	138,155
Life & Disability Insurance	4,588	3,570	4,422	4,188	3,995	2,247	12,027	11,599	14,252	12,920	16,019	12,676	102,503
Medical	77,387	60,207	74,582	70,642	67,389	37,907	172,621	166,482	204,555	185,435	229,918	181,932	1,529,058
Post Retirement	66,681	51,878	64,265	60,869	58,066	32,663	123,099	118,721	145,871	132,237	163,958	129,739	1,148,047
Pension	115,622	89,954	111,431	105,544	100,684	56,636	302,087	291,344	357,971	324,511	402,357	318,381	2,576,522
Other Miscellaneous	<u>7,647</u>	<u>5,949</u>	<u>7,370</u>	<u>6,980</u>	<u>6,659</u>	<u>3,746</u>	<u>16,272</u>	<u>15,693</u>	<u>19,282</u>	<u>17,480</u>	<u>21,673</u>	<u>17,149</u>	<u>145,899</u>
	<u>\$ 305,877</u>	<u>\$ 237,973</u>	<u>\$ 294,792</u>	<u>\$ 279,217</u>	<u>\$ 266,360</u>	<u>\$ 149,830</u>	<u>\$ 707,463</u>	<u>\$ 682,305</u>	<u>\$ 838,340</u>	<u>\$ 759,980</u>	<u>\$ 942,287</u>	<u>\$ 745,624</u>	<u>\$ 6,210,048</u>

**Duke Energy Kentucky**

**Fringe Benefit Costs for the 12 Months Ended June 2006  
and the Base Period 12 Months Ended August 2006**

Electric Operation & Maintenance by Fringe Component

	<u>12-Months</u> <u>Ended 6/30/06</u>	<u>Base</u> <u>Period</u>	<u>Variance</u>
401(k)	\$ 569,864	\$ 624,793	\$ (54,929)
Dental	138,155	157,915	(19,760)
Life & Disability Insurance	102,503	109,854	(7,351)
Medical	1,529,058	1,702,732	(173,674)
Post Retirement	1,148,047	1,345,708	(197,661)
Pension	2,576,522	2,760,074	(183,552)
Other Miscellaneous	145,899	164,781	(18,882)
	<u>\$ 6,210,048</u>	<u>\$ 6,865,857</u>	<u>\$ (655,809)</u>

**Duke Energy Kentucky**

**Annualized Fringe Benefit Costs for 2006  
and the Forecasted Period 12 Months Ended December 2007**

Electric Operation & Maintenance by Fringe Component

	2006 <u>Annualized</u>	Forecasted <u>Period</u>	<u>Variance</u>
401(k)	\$ 869,736	\$ 884,555	\$ (14,819)
Dental	205,744	216,434	(10,690)
Life & Disability Insurance	158,984	159,973	(989)
Medical	2,281,888	2,399,590	(117,702)
Post Retirement	1,627,248	1,750,289	(123,041)
Pension	3,993,303	3,782,882	210,421
Other Miscellaneous	215,096	216,434	(1,338)
	<u>\$ 9,351,999</u>	<u>\$ 9,410,155</u>	<u>\$ (58,156)</u>



**Attorney General Second Set Data Requests  
Duke Energy Kentucky Case No. 2006-00172  
Date Received: August 09, 2006  
Response Due Date: August 23, 2006**

**AG-DR-02-023**

**REQUEST:**

23. Various portions of the response to AG-1-70 are still not clear to the AG. Please provide the following additional explanations:
- a. The response to AG-1-70(a) appears to indicate that the total MISO related transmission expenses that are included in the forecasted period amount to \$16,939,554. Please confirm this and reconcile this amount with the amount of \$21,876,213 referenced in the response to AG-1-70(d).
  - b. The response to AG-1-70(c) states that “only costs billed from the Midwest ISO are eligible for recovery in the TCRM.” In this regard, please provide the following additional information:
    - 1) What is the amount of such “costs billed from the Midwest ISO” included in the forecasted period.
    - 2) Indicate where these specific costs are included in the \$16,939,554 total transmission costs shown at the top of Attachment AG-1-79(a).
    - 3) Does this mean that a portion of the total MISO related transmission expenses of \$16,939,554 is not eligible for inclusion in the TCRM Rider? If so, reconcile this with the Company’s statement in its response to PSC-2-42(a) that the Company ...” is requesting the ability to timely recover all MISO-related transmission costs” [in Rider TCRM].
  - c. The Company’s response to AG-1-70(d) does not clearly respond to what was requested in AG-1-70(d): Schedule L-2.2, page 71 of 88 shows that the Rider TCRM-eligible transmission costs included in the Base Year are \$12,047,693. Please provide the equivalent amount of Rider TCRM-eligible transmission costs that are included in the Forecasted Period.

**RESPONSE:**

- a. The figure referred to in the question, \$16,939,554, includes several accounts which are not billed from MISO. The only relevant charges in this figure are in Account 565, “Transmission of Electricity by Others” and some of the charges included in Account 561, “Load Dispatching.” All of the other costs are not eligible for recovery in the Rider TCRM.

The attachment provided in response to AG-DR-01-070 is redone and provided at AG-DR-02-023 to illustrate the calculation of the \$21,876,213 from AG-DR-01-070.

- b. (1) See response to AG-DR-02-023(a).
  - (2) See Attachment AG-DR-02-023.
  - (3) Yes. As stated in the response to AG-DR-02-023(a), not all of the \$16,939,554 transmission costs are billed costs from MISO.
- c. The term "Base Year," as used on Schedule L-2.2, page 71 of 88, is intended to represent the basis upon which future actual transmission costs eligible for recovery in Rider TCRM would be measured. In this case, the "Base Year" would be calendar year 2007. This proposed terminology follows the Commission's language for fuel adjustment clause recovery. See response to AG-DR-02-023(a) for the costs to be included in the forecasted test period transmission costs which would be eligible for tracker recovery in the Rider TCRM.

**WITNESS RESPONSIBLE:** William Don Wathen, Jr.



**Duke Energy Kentucky  
Case No. 2006-00172**

<b>Transmission Costs in Forecast Test Period</b>	<b>Total</b>	<b>MISO</b>
Account 560 - Supervision & Engineering	\$59,029	
Account 561 - Load Dispatching	1,891,531	1,891,531
Account 562 - Station Expense	4,064	
Account 563 - Overhead Lines	12,180	
Account 565 - Transmission of Electricity by Others	12,043,213	12,043,213
Account 566 - Miscellaneous Transmission	42,517	
Account 567 - Rents - Interco CG&E	1,933,776	
Total Operation	<u>\$15,986,310</u>	<u>\$13,934,744</u>
<b>Maintenance</b>		
Account 568 - Supervision & Engineering	\$79,147	
Account 569 - Structures	59,045	
Account 570 - Station Equipment	8,340	
Account 571 - Overhead Lines	806,712	
Total Maintenance	<u>953,244</u>	<u>-</u>
 Total Transmission Expense	 <u>\$16,939,554</u> (1)	 <u>\$13,934,744</u>
 (1) Ties to Schedule C-2, line 14		
<i>Components of Account 561</i>		
Schedule 10-FERC	\$212,304	\$212,304
Schedule 10	824,732	824,732
Schedule 16	174,939	174,939
Schedule 17	320,107	320,107
Other non-MISO Costs	359,449	-
Total Account 561	<u>\$1,891,531</u>	<u>\$1,532,082</u>
<i>Components of Account 565</i>		
Schedule 1 - Scheduling, System Dispatch	\$551,119	
Schedule 2 - Reactive Supply & Voltage Control	1,942,905	
Schedule 3 - Regulation & Frequency Response	597,083	
Schedule 9 - Network Integration Transmission Service	11,106,687	11,106,687
Adjustments to NITS		
Schedule D-2.26	(4,187,956)	(4,187,956)
Schedule D-2.28	1,377,707	1,377,707
Facilities Charge	655,668	
Total Account 565	<u>\$12,043,213</u>	<u>\$8,296,438</u>
<i>Components of Account 565 - MISO Day 2 Costs</i>		
Congestion, Losses, RSG, etc.	<u>\$12,047,693</u> (2)	<u>\$12,047,693</u>
 Total Midwest ISO	 <u>\$25,982,437</u>	 <u>\$21,876,213</u>

(2) Includes the benefit of \$3,465,236 of MISO revenues



**Attorney General Second Set Data Requests**  
**Duke Energy Kentucky Case No. 2006-00172**  
**Date Received: August 09, 2006**  
**Response Due Date: August 23, 2006**

**AG-DR-02-024**

**REQUEST:**

24. Please describe the allocation methodologies that are different in the pre-merger compared to the ones used in the post-merger as stated in response to KyPSC-DR-02-007, part a, the first sentence.

**RESPONSE:**

The following allocation methodologies were approved for use pre-merger:

- Sales
- Electric Peak Load
- Customers
- Employees
- Construction Expenditures
- Distribution Circuit Miles
- CPU Seconds
- Revenues
- Square Footage

In addition to the allocation methodologies listed above, the following were approved for use post-merger:

- Transmission Circuit Miles
- Inventory
- Procurement Spending
- Gross Margin
- Labor Dollars
- Personal Computer Workstations
- Information Systems Servers
- Property, Plant & Equipment
- Generating Unit MW Capacity

**WITNESS RESPONSIBLE:** Carol E. Shrum



**Attorney General Second Set Data Requests  
Duke Energy Kentucky Case No. 2006-00172  
Date Received: August 09, 2006  
Response Due Date: August 23, 2006**

**AG-DR-02-025**

**REQUEST:**

25. Please describe the additional allocation methodologies which were implemented as stated in response to KyPSC-DR-02-007, part a, in the second sentence.

**RESPONSE:**

The allocation methodologies approved for use post-merger are listed in the response to AG-DR-02-025. The following table outlines the new allocation methodologies and a brief description of each.

<b>Allocation Methodology</b>	<b>Description of Methodology</b>
Transmission Circuit Miles	Installed circuit miles of domestic electric transmission lines at the end of the preceding calendar year for all domestic utility companies.
Inventory	Total transmission and distribution inventory balance for the preceding year.
Procurement Spending	Total amount of procurement spending for the preceding year; with separate ratios computed for total inventory and functional plant ( <i>i.e.</i> , production, transmission, <i>etc.</i> ) classifications.
Gross Margin	Total gross margin for a preceding twelve consecutive calendar month period.
Labor Dollars	Total labor dollars for a preceding twelve consecutive calendar month period.
Personal Computer Workstations	Total number of personal computer work stations at the end of a recent month in the preceding twelve consecutive month period.
Information Systems Servers	Total number of servers at the end of a recent month in the preceding twelve consecutive month period.
Property, Plant & Equipment	Total Property, Plant and Equipment balance (net of accumulated depreciation and amortization for the preceding year.
Generating Unit MW Capability	Total installed megawatt capability for the preceding year.

**WITNESS RESPONSIBLE:** Carol E. Shrum



**Attorney General Second Set Data Requests  
Duke Energy Kentucky Case No. 2006-00172**

**Date Received: August 09, 2006**

**Response Due Date: August 23, 2006**

**AG-DR-02-026**

**REQUEST:**

26. Refer to page 37 of 95 of Attachment AG-DR-01-139.
- a. Explain why “we didn’t sell 100% of these units to ULH&P.” What are the exceptions and why are there any exceptions? State whether the KPSC and other parties were made aware of these exceptions in connection with the transfer.
  - b. Why are the production assets “just transferring in January [2006] business”? What took so long?
  - c. Provide complete copies of the transfer journal entries, and detailed explanations of each entry.
  - d. Identify all reserves transferred with the production units.
  - e. Identify all legal AROs and all non-legal AROs transferred with the production units.

**RESPONSE:**

- a. Duke Energy Ohio (“DEO”) did transfer 100% of the Plants to Duke Energy Kentucky (“DEK”). DEO did not transfer a parcel of land at the East Bend Station that was in FERC Account 105 – Plant Held for Future Use, a parcel of land at Woodsdale Station and the step-up transformers at the Plants. The step-up transformers are considered Transmission Plant and DEK was only acquiring production assets. Also, at Miami Fort Station, DEK and DEO signed lease agreements for common facilities because DEK was only acquiring one unit at this station. Upon information and belief, the evidence presented in Case No. 2003-00252 was clear that these were the assets being transferred.
- b. Final Commission approval for the transfer was received on June 17, 2005. The Companies received final FERC approval related to the asset transfer on March 3, 2005, and received SEC approval on November 29, 2005. The transfer could not be closed until all regulatory approvals were received.
- c. Copies of the accounting entries and explanations were filed with the Commission on May 26, 2006, in accordance with its Order in Case No. 2003-00252. These accounting entries are also included in the direct

testimony of Dwight L. Jacobs as Attachment DLJ-1. The Plant In-service and Accumulated Provision for Depreciation were transferred within the Company's Fixed Asset software system. Detail of the Account 101 and Account 108 entries was provided previously as Attachment KyPSC-DR-02-012.

- d. The reserves transferred with the Plants are detailed in the accounting entries filed with the Commission as indicated in AG-DR-02-026(c) above and included in the direct testimony of Dwight L. Jacobs as Attachment DLJ-1.
- e. The legal AROs transferred with the Plants are detailed in Attachment DLJ-1, designated as Account 230, and included in Account 101, shown in Plant Accounts 3170 on Attachment KyPSC-DR-02-012. The non-legal AROs are the balance of RWIP in Account 108 detailed in Attachment DLJ-1.

**WITNESS RESPONSIBLE:** Dwight L. Jacobs





**Attorney General Second Set Data Requests  
Duke Energy Kentucky Case No. 2006-00172**

**Date Received: August 09, 2006**

**Response Due Date: August 23, 2006**

**AG-DR-02-027**

**REQUEST:**

27. Refer to page 38 of 95 of Attachment AG-DR-01-139.
- a. Explain in detail the following statement from Brenda Martinez (*sic*) to John Spanos, "John, also, the UHL&P electric production is going to be regulated so we will be able to incorporate a COR component unlike the CG&E assets that are deregulated. So, we will need the rates developed with the COR separated."
  - b. Specifically identify the UHL&P and CG&E assets to which Ms. Martinez (*sic*) refers, and explain where they can be specifically found in Mr. Spanos' depreciation study.
  - c. Explain why deregulated assets do not incorporate a COR component?
  - d. Does this statement relate in any way to SFAS No. 143, FIN 47, FERC Order No. 631?

**RESPONSE:**

- a. The basis of this statement from Brenda Melendez relates to the production assets that were transferred from The Cincinnati Gas & Electric Company to The Union Light, Heat and Power Company (now Duke Energy Kentucky). In Ohio, these assets were deregulated and the depreciation rate was not identified with components such as we proposed in this traditional study for regulated assets. Therefore, the rates are developed with a life parameter, probable retirement date and net salvage component.
- b. The specific assets are identified as the Miami Fort, East Bend and Woodsdale generating plants, which are all assets in Accounts 311-346. These assets can be found on pages III-4, III-5, III-11 through III-35, III-140 through III-144 and III-172 through III-190.
- c. Deregulation does not require the rate to be determined in the same fashion with a detailed calculation, and life and net salvage parameters.
- d. No, it does not.

**WITNESS RESPONSIBLE:** John J. Spanos



**Attorney General Second Set Data Requests  
Duke Energy Kentucky Case No. 2006-00172  
Date Received: August 09, 2006  
Response Due Date: August 23, 2006**

**AG-DR-02-028**

**REQUEST:**

28. Provide any and all internal studies and correspondence concerning the Company's implementation of FASB Statement No. 143, the FERC NOPR and Order No. 631 in RM-02-7-000, and FIN 47.

**RESPONSE:**

See Attachment AG-DR-02-028 and Attachment AG-DR-02-028 Supplemental. This response consists, in part, of documents produced by Duke Energy Kentucky in response to a similar data request in Case No. 2005-00042. Duke Energy Kentucky objects to producing the following new documents on the grounds that they are protected against discovery on the basis of the attorney-client privilege and work product privilege:

- E-mails between Barb Gambill (Cinergy attorney) and Erica Glenn dated January 27, 2006 and various earlier dates re: FAS 143 – environmental memo;
- E-mail from John Finnigan (Cinergy attorney) to Brett Ritchie dated January 31, 2006 re: internal memo on FAS 143, and accompanying 15-page internal memorandum;
- E-mail from Erica Glenn to Jaime Reynolds dated December 22, 2005 re: river structures, incorporating information from John Finnigan (Cinergy attorney);

Duke Energy Kentucky has produced the foregoing documents with the privileged communications redacted.

**WITNESS RESPONSIBLE:** Carl J. Council, Jr.

**Welles, Sarah**

**From:** Gambill, Barb  
**Sent:** Friday, January 27, 2006 12:18 PM  
**To:** Glenn, Erica  
**Subject:** RE: FAS 143-environmental memo

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**From:** Glenn, Erica  
**Sent:** Friday, January 27, 2006 10:21 AM  
**To:** Gambill, Barb  
**Subject:** RE: FAS 143-environmental memo

Barb,

Thank you for your response,  
Erica

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**From:** Gambill, Barb  
**Sent:** Thursday, January 26, 2006 11:45 AM  
**To:** Glenn, Erica  
**Subject:** RE: FAS 143-environmental memo

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**From:** Glenn, Erica  
**Sent:** Thursday, January 26, 2006 11:43 AM  
**To:** Gambill, Barb  
**Subject:** RE: FAS 143-environmental memo

Barb,

Sorry for the confusion.

Thank you,  
Erica

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**From:** Gambill, Barb  
**Sent:** Thursday, January 26, 2006 11:19 AM  
**To:** Born, Randall; Buhrlage, Kerri; Coyle, Pat; Jett, Tammy; McKee, Pat; Meiers, Jim; Nispel, Debbie; Pearl, Steve; Stieritz, Jim  
**Cc:** Glenn, Erica  
**Subject:** FW: FAS 143-environmental memo  
**Importance:** High

[REDACTED]

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**From:** Glenn, Erica  
**Sent:** Thursday, January 26, 2006 11:12 AM  
**To:** Gambill, Barb  
**Subject:** FW: FAS 143-environmental memo  
**Importance:** High

Barb,

[REDACTED]

Thank you,  
Erica

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**From:** Glenn, Erica  
**Sent:** Saturday, January 21, 2006 4:09 PM  
**To:** Gambill, Barb  
**Cc:** Ritchie, Brett  
**Subject:** FW: FAS 143-environmental memo  
**Importance:** High

Barb,

[REDACTED]

[REDACTED]

Thank you for your assistance,  
Erica

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**From:** Gambill, Barb  
**Sent:** Monday, April 28, 2003 12:18 PM  
**To:** Barnhart, Christa  
**Subject:** RE: FAS 143-environmental memo

[REDACTED]

-----Original Message-----

**From:** Barnhart, Christa  
**Sent:** Thursday, April 24, 2003 8:52 AM  
**To:** Gambill, Barb  
**Cc:** Ritchie, Brett  
**Subject:** FAS 143-environmental memo  
**Importance:** High

Barb,

[REDACTED]

<< File: FAS 143-Environmental.doc >>  
Thanks,  
**Christa Barnhart**  
**Accounting Research**  
**(317) 838-2193**

**Welles, Sarah**

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**From:** Finnigan Jr, John  
**Sent:** Tuesday, January 31, 2006 8:30 AM  
**To:** Ritchie, Brett; Glenn, Erica  
**Cc:** Colbert, Paul; Moriarty, Kate; Scheidler, John; Pope, Jim; Walker, Janice  
**Subject:** internal memo on FAS 143  
**Attachments:** MAIN3LEGAL-#98112-v17-internal\_memo\_on\_FAS\_143.DOC

[REDACTED]



Privileged and Confidential Attorney-Client/ Work Product Information  
Internal Memorandum

To: Brett Ritchie, Accounting Research

From: Paul Colbert, Legal  
John Finnigan, Legal  
Kate Moriarty, Legal  
Jim Pope, Legal  
John Scheidler, Legal  
Janice Walker, Legal

Re: Review of Assets for Legal Obligation to Remove

Date: Original memorandum; August 11, 2003  
Updated: January 23, 2006

cc: James Gainer, Legal

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**Welles, Sarah**

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**From:** Glenn, Erica  
**Sent:** Thursday, December 22, 2005 7:30 AM  
**To:** Reynolds, Jaime; Sheppard, Amy  
**Subject:** FW: 33 U.S.C. section 403 - River structures  
**Importance:** High  
**Sensitivity:** Confidential

FYI - Our in service dates are more recent for the river structures as expected. Let me know if you want to see the attachment, it is somewhat large.

Thanks,  
Erica

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**From:** Schafer, Anita  
**Sent:** Thursday, December 22, 2005 7:20 AM  
**To:** Glenn, Erica; Finnigan Jr, John  
**Subject:** 33 U.S.C. section 403  
**Importance:** High  
**Sensitivity:** Confidential

[REDACTED]

To: David Wozny  
From: Erica Glenn  
Subject: Fin 47 – Conditional Asset Retirement Obligations  
Date: February 9, 2006  
File Number: 2005-036

**Background**

Cinergy adopted SFAS 143, Accounting for Asset Retirement Obligations (ARO), on January 1, 2003. In March 2005, the FASB issued FIN 47, *Accounting for Conditional Asset Retirement Obligations – an interpretation of SFAS 143*. FIN 47 clarifies that a conditional asset retirement obligation (which occurs when the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity) is a legal obligation within the scope of SFAS 143. As such, the fair value of a conditional asset retirement obligation must be recognized as a liability when incurred if the liability's fair value can be reasonably estimated. FIN 47 also clarifies when sufficient information exists to reasonably estimate the fair value of an asset retirement obligation.

**Adoption of FIN 47**

Accounting Research (AR) reviewed various documentation to determine what conditional AROs exist within the company. Several conditional ARO's were identified in this process, see the corresponding memo 2005-036b attached to this posting for additional information regarding the obligations qualifying as conditional AROs as defined. In addition, a meeting including AR (Brett Ritchie, Amy Sheppard, Christa Barnhart (formerly in AR), and Erica Glenn), Fixed Assets (Peggy Laub), and various business unit personnel (Steve Lee and Don Storck) was held at the beginning of the project to discuss the new interpretation and related issues.

In many cases, the obligation is to remediate a contaminant when its associated asset is disturbed or removed from service. The conclusion reached on these items during the original adoption of SFAS 143 was that no ARO exists until the asset is retired (or disturbed) and there is no requirement to retire (or disturb) the asset. However, FIN 47 negates this conclusion. FIN 47 introduces the concept that no tangible asset will last forever and retirement activities will eventually have to be performed. Therefore, these obligations must be recorded as soon as their fair value can be estimated.

See discussion below on each type of potential conditional ARO evaluated by Cinergy in conjunction with the implementation of FIN 47:

*Asbestos*

Asbestos regulations were first promulgated by the federal government in 1973 and were modified to cover a broader spectrum of activities in 1990. No action is required if asbestos is identified. However, the regulations address how asbestos must be managed whenever it is disturbed for any reason. Also, the regulations require asbestos to be removed prior to any demolition.

## **INTERNAL CORRESPONDENCE**

Through discussions with a variety of individuals in the Environmental Department (Randy Born, Steve Pearl, Tammy Jett), Real Estate Services (Brian Vance, Steve Ruehlman, Joe Jett), and Generation Resources / Power Operations (Dale Wilson, George Stevens), it was determined that asbestos exists in the following assets in the company: generating plants, real estate buildings, substations, the underground electric network, and valves on gas pipes. Each item is addressed below:

### Generating Plants:

Subsequent to an internal assessment of individual generating station documentation for asbestos removed/remaining, Cinergy engaged Sargent & Lundy LLC (S&L) to develop a current dollar estimate of the ARO obligation for asbestos in the generating plants with the assistance of Generation Resources engineers (George Stevens and Dale Wilson). Asbestos quantity information was obtained via information gathered by Cinergy's engineers, a third party insulation and asbestos abatement provider, S&L data from prior studies, or scaled from similar plants. The gas-fired combustion turbine plants were determined to be asbestos free based on inquiries performed by Cinergy's engineers. S&L then applied third party cost information for asbestos removal to the aforementioned quantity data to complete its estimate. S&L's final report is attached to this posting. These estimates were inflated up to the expected settlement dates using an inflation factor of 2.5%, provided by Jon Gomez, Mgr, Power Operations Financial Analysis. This rate is based on historical CPI information.

The expected settlement dates are split between two dates, each with a 50% probability. The first date is June 30 of the year of retirement estimated for CG&E's and PSI's most recent retirement studies as provided by Dale Wilson and confirmed with Jaime Reynolds, Fixed Assets. The second date is 20 years after the year of retirement per the studies. (The last retirement date of the units at a given plant was used for all units at a given plant as it is unlikely that demolition by unit would occur. That is, it is expected that demolition would not occur until all units at the plant are retired per Dale Wilson and George Stevens.) The estimated settlement dates, and the associated probabilities, are based on discussions with Dale Wilson and George Stevens. Cinergy believes that using a probability assessment for retirement or settlement dates is appropriate for the generating plants. There is uncertainty as to the exact date when a plant would be demolished and therefore when the asbestos would be required to be remediated. Per the Generation Resources engineers group, it was determined that two reasonable scenarios would include the date of the most recent retirement studies and then 20 years past the retirement date of those studies. The 20 year estimate assumes that we could retire the generating plants in place and not demolish the plants for approximately 20 years after retirement. No estimate was included for abatement occurring between December 31, 2005 and the aforementioned settlement dates (i.e. no interim/ongoing settlement dates). Per the Generation Resources engineers, these ongoing costs will be minimal based on the majority of the remediation work on the remaining asbestos is expected to be completed at the time of demolition, most of the asbestos containing areas that need to be remediated during routine maintenance have already been remediated, and Cinergy does not normally provide for ongoing remediation in its capital budgeting process. The asbestos related AROs will be updated on an ongoing basis for any projects involving a significant amount of remediation that do occur.

A cost estimate related to asbestos remediation at Conesville was provided by AEP. AEP's asbestos estimate for Conesville was an internal calculation. The cubic yards of asbestos remaining per unit were estimated by their plant personnel based on plant records and gross megawatt output. Then, an estimated market price per cubic yard was applied for asbestos removal and disposal. Cinergy used its own vintage and settlement dates in conjunction with the joint owner dollar estimates. Cinergy developed its own cost estimates for Stuart and Killen based on data obtained from Cinergy operated plants with similar characteristics due to the timing of information received from DP&L. The differences between Cinergy's estimates for these plants and the estimate received later from DP&L were insignificant. Therefore, Cinergy did not adjust its estimate for Stuart and Killen.

## **INTERNAL CORRESPONDENCE**

The vintage date used was November 20, 1990, the date the 1990 revisions to the asbestos regulations (40 CFR Part 61.140-157 (Subpart M)) were published in the Federal Register, with the exception of Zimmer. Zimmer's in-service date was used as the vintage date as it went in-service subsequent to 1990. Per Randy Born, Environmental, this is the date that compliance with the asbestos regulations became costly (the revisions were broader in scope and much more stringent with respect to work practices than previous regulations, originally dating back to 1973). The future obligations were then discounted back to the vintage date using credit-adjusted risk-free rates provided by Treasury.

### Real Estate:

The review of asbestos obligations related to real estate buildings (including the main office buildings and district offices) was performed by Brian Vance, Steve Ruehlman, and Joe Jett, all of Real Estate Services. Per their analysis, it was determined that these obligations were immaterial. See corresponding memo prepared by Real Estate Services attached to this posting.

### Substations:

Per discussion with Tammy Jett, Senior Environmental Scientist, there have only been two complete substation building demolitions in recent history (approximately 10 years). Both of these substations were demolished so that the property could be used for other purposes by the company. The costs related to asbestos abatement completed with these demolitions were de minimus. (AR further confirmed with Pat McKee, Senior Environmental Scientist, that de minimus costs and infrequency of activity is also consistent for Cinergy West.) In addition to the limited number of historical demolitions, Tammy indicated that substations are more commonly sold as part of the property to third parties with no asbestos remediation performed at the time of the sale. Due to the lack of significant historical asbestos abatement costs related to substations and the fact that a small percentage of the total substations at the company are known to contain asbestos, future asbestos abatement costs related to substations are deemed de minimus and AR did not attempt to calculate the true costs of any related ARO.

### Underground electric network:

Per Tammy Jett and Dave Owens, Substation Maintenance and Construction, there are some asbestos wrapped cables in the company's underground electrical network. When these cables are removed, company employees wet them down and wrap them at which time they can go to Rumpke landfill (with that cost being de minimus). They can also be sent to a scrap dealer for the copper. The costs associated with disposing of these cables are minimal, i.e. only the cost to wet and wrap the cables. Also, the cables can be retired in place. The company only removes the cable if necessary for its own purposes (e.g. if the cable is in the way of a project). Therefore, as these cables can be retired in place, we believe that there is no requirement to abate this asbestos. As such, Cinergy has determined that no ARO associated with the underground network will be recorded.

### Gas pipes:

Per Tammy Jett, asbestos is very infrequently found on small valves on gas pipes. When removed, these valves are wet down, double wrapped, and then disposed of as regular trash. There is no identifiable cost associated with this activity and the number of valves with asbestos is minimal. Therefore, no associated ARO will be recorded.

### Other:

AR also inquired about any possible asbestos issues related to the International and Solutions operations.

Per Mark Krabbe, Business Venture Accounting Manager, (who in turn discussed the issue with Doug Schulte, GM, Global Operations) there are no asbestos obligations related to our international investments that need to be considered for Fin 47. Note that as of December 31, 2005, Cinergy's

remaining international operations were Attiki and Copperbelt Energy Corporation. These are both equity method investments and Attiki is new construction. Per Julie Hollingsworth, Solutions Accounting Manager, the only asbestos related obligation for a Solutions operating plant is related to a Solutions project (Monaca) where the assets are owned by the customer, not owned by Cinergy.

#### *River Structures*

Cinergy's generating stations are generally located near waterways. Under federal navigation law (33 U.S.C. § 403), any structures below the high watermark on navigable waterways are considered an obstruction to navigation and a permit must be obtained from the U.S. Army Corps of Engineers for construction. If these structures are abandoned (meaning they are no longer being used for their original intended purpose and are not being maintained or properly marked), the U.S. Army Corps can require the owner to remove them. Therefore, a legal obligation exists for either removal or continued maintenance/markings after retirement. Upon the end life of a station, the structures must either be removed or continue to be maintained and marked. Cinergy engineering indicated that we are unlikely to remove these river structures voluntarily after they are no longer in service. We would likely only remove them to the extent the structures deteriorated or caused a safety issue. The costs to continue to maintain and mark these structures is de minimus.

Studies estimating the cost of removal for these structures were completed by S&L in 2003. We determined that no updates to this data were necessary given the short period of time since the study was performed. These estimates were inflated up to the expected settlement dates using the inflation factor of 2.5%, provided by Jon Gomez. The expected settlement dates are split between two dates, each with a 50% probability. The first date is June 30 of the year of retirement estimated for CG&E's and PSI's most recent retirement studies as provided by Dale Wilson and confirmed with Jaime Reynolds. (The last retirement date of the units at a given plant was used for the river structures at a given plant as it is unlikely that removal of the structures unit would occur until all units at the station are retired per Dale Wilson and George Stevens.) The second date is 30 years after the year of retirement per the studies. Cinergy believes that using a probability assessment for retirement or settlement dates is appropriate for the river structures. There is uncertainty as to the exact date when a river structure would be removed. Per the Engineering group, it was determined that two reasonable scenarios would include the date of the most recent retirement studies and then 30 years past the retirement date of those studies. The 30 year estimate assumes that we could retire the generating plants associated with the river structures and not remove the river structures for approximately 30 years after plant retirement. Note that the plus 30 year settlement date exceeds that used for asbestos abatement in the plants. River structures can remain in place subsequent to the demolition of the associated plant. For example, river structures are still in place at the site of the former Dresser station (see below). Tim Hayes, environmental, is also aware of river structures related to other companies' retired stations that are still in place (see below). Therefore, Engineering believes that 30 years after plant retirement (as based on the most recent retirement studies) is a reasonable estimate (in addition to the estimate of at retirement date) of when the structures might be removed.

The exception to the aforementioned expected settlement dates is Dresser's river structures. The Dresser plant was retired in 1978. However, the river structures remain (there is also a substation currently at this site). Per discussion with Dale Wilson, the structures at Dresser are primarily on the river banks and, therefore, are not an obstruction to navigation. As a result, no ARO was calculated for the removal of the Dresser river structures as it is not expected that the company would ever be required by the Army Corp of Engineers to remove the structures, as evidenced by the fact that the station was retired approximately 30 years ago.

The original cost estimates to remove the River Structures compiled by S&L did not consider the possibility that the structures might not be required to be removed. It was determined that it is not 100% probable that the Army Corps of Engineers will ultimately require the disposal of the structures.

## **INTERNAL CORRESPONDENCE**

As such, we applied a 25% probability of enforcement to the cost estimates for the remaining river structures. This probability estimate was provided by Tim Hayes, Environmental. Tim's estimate is based on our river structures not causing major obstructions (they are close to the river banks). Any request to remove the structures (by the Army Corps of Engineers) would likely be based on aesthetic reasons. Tim is also aware of some other retired stations owned by other companies where the structures are still in place.

The vintage dates used for the remaining structures were their in-service dates. The future obligation was discounted back to the vintage date using the credit-adjusted risk-free rates provided by Treasury.

### *Catalysts in SCR*

The disposal of SCR catalysts is dictated by Hazardous Waste (RCRA) regulations. SCR catalysts are not a Hazardous Waste by themselves; however, the flyash inside the catalyst can turn it into a Hazardous Waste. The catalysts are tested (with the flyash inside) prior to disposal to categorize whether it will be a Hazardous Waste. At that point, the catalyst may be cleaned rather than disposed of as a hazardous waste. Mike O'Connor, Manager, Environmental Ops Support, provided a nominal dollar estimate for disposal based on his assumption that some of the catalysts (approximately 50%) will need to be cleaned or disposed of as a Hazardous Waste and the rest will fall under normal disposal. (Note that no disposals of SCR catalysts have occurred to date at the company as they have recently been placed in service.) Mike also provided in-service (vintage) and expected disposal (settlement) dates for the catalysts in service as of December 31, 2005. Additionally, he provided estimates for the catalysts at Stuart and Killen based on cost information received from the joint owner/operator. Per Mike, the Conesville plant has no catalysts in service as of December 31, 2005. These catalyst estimates were inflated up to the expected settlement dates using the inflation factor of 2.5%, provided by Jon Gomez. The future obligation was discounted back to the vintage date using the credit-adjusted risk-free rates provided by Treasury.

### *Gas Mains*

Per Kerri Buhrlage, past testing of liquids for PCBs has allowed us to characterize our pipe as non-PCB except for a small section. This section is also expected to be free of PCBs. However, a second sample must be tested and be below designated levels in order for the section to be formally deemed non-PCB and the pipe has been dry so a second sample has not yet been available. (Cinergy is required to take a sample whenever condensate oil is encountered.)

When we retire non-PCB (less than 50 parts per million) pipe, we either remove the pipe and put it in a scrap metal dumpster or retire the pipe in place by sealing and capping the end. Sue Gilb (Regulatory Compliance Specialist, Regulated Businesses) has indicated that the pipeline must be disconnected from the source, purged, and sealed or capped at the end as required by Department of Transportation (DOT) Pipeline Safety Regulations (49 CFR Part 192.727). This requirement is an asset retirement obligation. The DOT regulations became effective in August 19, 1970.

### CG&E and ULH&P

Gary Hebbeler, Gas Engineering Manager, provided an estimated cost per foot of \$2.33 (in 2005 dollars) to purge, cap, and seal CG&E's and ULH&P's gas mains. This estimate was based on historical data, see related email from Gary attached to this posting. The estimate includes any incremental amount related to the purge, cap, and seal process for associated services. Services represent the gas lines that run from a gas main to the curb and from the curb to the meter. This pipe is shorter in both diameter and length than the mains. Per Gary, the costs related to the curb to meter service lines are de minimus as the distance is so short the gas dissipates on its own (versus needing equipment to purge the line). The main to curb portion of the service is included in the purge, cap and sealing process of the main. Also, CG&E does not own the curb to meter section of the services lines. ULH&P only owns sections of the curb to meter lines that have been placed in service since 2001.

CG&E and ULH&P have four types of gas mains: bare steel, cast iron, coated steel, and plastic. Remaining bare steel and cast iron pipe at CG&E and ULH&P will be replaced via the AMRP program over the next 10 and five years, respectively. These cast iron and bare steel lines associated with the AMRP will be taken out of service in an approximate pro-rata manner over the remainder of the program in each state. Therefore, the ARO is computed using each of the remaining years of the AMRP program as expected settlement dates for the pro-rata portions of the pipe. The vintage date of the ARO is the effective date of the DOT regulations, August 19, 1970, due to the age of this pipe.

The coated steel and plastic pipes generally have later vintages. The ARO calculation was performed by in service year for these categories of pipe. The vintage date was the latter of the in service year and the August 19, 1970 effective date of the DOT regulations. The settlement dates were estimated as the in service date plus the estimated life (by type of pipe) per each company's most recent depreciation study.

An inflation rate of 2.5%, provided by Jon Gomez, was used to inflate the 2005 dollar estimates to the expected settlement dates. The future obligations were discounted back to the vintage dates using the credit-adjusted risk-free rates provided by Treasury.

#### KO Transmission Company (KO)

KO's transmission pipe was determined to have an indeterminate life with the exception of one small section (discussed below). See memo, attached to this posting, by Sam Vessel, Supervising Engineer – Corrosion Specialist, regarding the nature of the KO line and that corrosion may be prevented indefinitely for this pipe. Also, see email from Gary regarding KO's historical experience with this line (also attached to this posting).

Gas Engineering intends to replace a small section of the KO pipeline, comprised of four 12 inch lines, known as the AM4 river crossing in 2006. Therefore, an ARO has been recorded for this section of the KO line. AM4 is an isolated instance where the pipe was installed (in 1948) by a dredging method in the Ohio River and backfilled with rock. The backfilling method prohibited the cathodic protection system from providing protection at that specific location under the Ohio River. The old lines associated with this replacement will not be purged, sealed, and capped until they start to fail in order to retain redundancy in that section of the line as long as possible. Per Gary, these retirement activities are estimated to occur during each of the following years, 2007-2010 (one line per year). Gary estimated the cost to purge, cap, and seal each line as \$20,000 in 2005 dollars. Cinergy's June 1, 1990 purchase date of this line is the vintage date for the ARO calculation as it is subsequent to the DOT regulations effective date. Note that this ARO would normally be considered de minimus for booking for CG&E. However, KO is also required to file a standalone FERC report. For this reason, this ARO has been recorded.

An inflation rate of 2.5%, provided by Jon Gomez, was used to inflate the 2005 dollar estimates to the expected settlement dates. The future obligations were discounted back to the vintage dates using the credit-adjusted risk-free rates provided by Treasury.

#### *PCB-Contaminated Equipment*

Cinergy has various types of equipment with PCB contamination including transformers, regulators, capacitors, potential transformers and current transformers, bushings, switches, rectifiers, and breakers. This equipment is handled on a piecemeal basis as it is retired and expensed in the period of retirement. AR obtained PCB disposal related expenses for the company for the five year period from January 1, 2000 through December 31, 2004 from Pat McKee, Environmental. The average expense per year for this period was less than \$100,000. Pat does not believe these costs will change significantly in the future.



AR further confirmed with Don Schauwecker, Supervisor Substation Maintenance (west), Charlie Ploeger, Staff Engineer FLFS, and Ed Walton, Principal Engineer (east), that retirements for potential and current transformers (one of the types of equipment with contamination) are not expected to change significantly in the next five to 10 year period.

Note also that the regulations requiring PCBs no longer be used in equipment were effective July 1, 1979. Pat McKee noted that the company would have stopped using PCB contaminated equipment earlier (around January 1, 1976). Estimated lives for the types of equipment with PCB contamination range from approximately 30-50 years.

Based on the above, it is deemed unnecessary to estimate an ARO for these items as the estimated cost per year is deemed de minimus and they will continue to be expensed on an "as-retired" basis.

#### *Mercury – Residential Regulators*

Based on discussion with Kerri Buhrlage, Water Quality & Waste Mgmt, recent historical costs related to disposal costs for mercury contaminated residential regulators have been de minimus. Also such disposals are only expected to continue for the next 8-13 years. Therefore, it is deemed unnecessary to estimate an ARO for these items and they will continue to be expensed on an "as-retired" basis.

#### *Retired Real Estate Sites and PCBs*

##### East

At CG&E and ULH&P we sample for PCBs at retired real estate sites for which we have an interested buyer. (We are not required to conduct a review upon retirement unless the site is going up for sale immediately or has an obvious buyer at the time.) This is to prevent the sale of PCBs in commerce (which is prohibited by 40 CFR 761) by not selling contaminated property. Once we find PCB contamination, we are required to conduct a cleanup until regulatory levels are met. Per 40 CFR 761, we cannot leave PCB contamination above EPA limits because that would be considered an illegal disposal of PCBs.

Another circumstance that would require us to sample is if we had a known PCB spill exceeding 500 parts per million. Per Tammy Jett, such spills are rare. The only other circumstance where we would test for PCBs are for demolitions and/or renovations as material contaminated with PCBs have to be disposed of in a special landfill.

Around 1997, the CG&E and ULH&P identified sites that were not being used and these were actively sold. Currently however, unused properties could remain unused for an indefinite number of years before PCB testing would be needed.

Currently, approximately one to two sites per year may require remediation for the east side. (There is currently no expectation that there will be an increase in the number of sites per year.) The vast majority of the tested sites don't require remediation. Remediation is more common where there is a building on a substation site as contaminated equipment was commonly stored in these buildings on the east side. However, a low percentage of the substations on the east side have buildings on site. Additionally, some of the sites requiring the most significant clean up have already been remediated. These sites with more significant contamination have cost approximately \$40,000 each for clean up (they are usually sites that are close to the city with old buildings). The majority of these costs are due to disposal of contaminated material from the demolished/renovated building in a special landfill. The vast majority of the retired real estate sites will require either no PCB remediation, or an insignificant amount of remediation. Also, the timing of any such future remediation is unknown as the properties may sit unused for a long period of time once they are no longer operational.

## **INTERNAL CORRESPONDENCE**

No related ARO will be recorded due to the limited number of sites with more significant contamination, the unpredictable nature of these items, and the unknown timing of future remediation work.

### West

The aforementioned regulations regarding PCBs also apply to PSI. Around 1997, PSI also identified sites that were not being used and these were actively sold. Around 1997 through 1999, approximately 15 to 20 sites were sold a year. However, approximately six to 10 are currently sold per year per DeLinda Alspaugh, Real Estate Services. There will continue to be sites sold annually. However, some of the land sales are small such as land around a particular road, land adjacent to a substation, etc. The number of sites sold per year may increase to approximately 10-15 per year if the merger is consummated per DeLinda. However, a very small percentage of the sites tested need any remediation at all (also discussed with Pat McKee, Water Quality and Waste Management, see below). Also, historical remediation costs associated with sites needing remediation have been insignificant (see below). DeLinda expects the remediation costs to continue to be insignificant prospectively.

PSI generally tests for contamination on retirement of a site, where deemed necessary, versus waiting until a sale is anticipated, per Pat. According to Pat, about five to six of these assessments are completed per year for PSI. No remediation is necessary approximately 95% of the time. Also, the costs where remediation has been required have been insignificant. The costs have been approximately \$1,000 or less for 3 recent cleanups, which is typical for these cleanups. Per Pat, some of PSI's sites may have more significant contamination (in the ground/soil). However, these would be at the larger substations which the company is unlikely to ever sell.

Like CG&E and ULH&P, another circumstance that would require sampling is if PSI had a known PCB spill exceeding 500 parts per million. Per Pat, such spills are rare. PSI does not have the demolition/renovation situations that may require testing for PCBs mentioned above related to the east side. PSI's substation structures are similar to pole barns (just a shell with a control panel) and equipment was stored outside of the structures. Therefore, contamination (if any) is generally only in the ground versus also being in structures/buildings. Ground remediation is generally much less costly due to less remediation/disposal than would occur for a physical structure.

No related ARO will be recorded, due to the immaterial and unpredictable nature of these items, the unknown timing of future remediation work, and the indeterminate life of land owned for the larger substations.

### *Wood Treated Poles*

The original conclusion reached regarding treated wood poles during the adoption of SFAS 143 was that we had no ARO as we are not required to manage the poles as hazardous waste. Accounting Research confirmed with Debbie Nispel, Director Water Quality & Waste Mgmt, that the regulations regarding wood treated poles in the states in which Cinergy operates have not changed. Therefore, there is still no ARO related to these assets.

### *Ash ponds*

It was determined on the adoption of SFAS 143 that Cinergy did not have AROs related to ash ponds in Indiana, Ohio, or Kentucky. Even if there was a determination that an ARO existed, these assets have been deemed to have indeterminate lives. AR confirmed with Debbie Nispel that the regulations surrounding ash ponds have not changed and there are still no plans to retire any of the ash ponds. AR also re-confirmed during the Fin 47 adoption process with Jim Meiers, Principal Environmental Scientist, that there are multiple beneficial uses for ash removed from our ponds (see email from Jim attached to this posting for additional information).

*Leases*

AR discussed several leases with Real Estate Services personnel to determine if there were any associated AROs. Per Steve Ruehlman, the lessor of the Atrium building space could ask Cinergy to complete some construction on expiration of the lease. However, any such request would result in minimal costs to Cinergy. Additionally, there is a low probability that the lessor would ask Cinergy to do any such remediation per Steve. AR also confirmed with Joyce Gamm that there are no terms or conditions in the Houston and Washington DC building space leases for Cinergy to do any remediation. Per Steve, there are no other significant building leases to consider related to this issue. Therefore, no related AROs will be recorded.

**Initial Entries**

Data for the three types of conditional AROs recorded as a result of FIN 47 was entered into the ARO module of the PowerPlant system for the required calculations, initial entries, and ongoing accounting. The cumulative effect of these conditional ARO entries will be recorded as a cumulative effect of a change in accounting principle for CG&E and as a reduction of cost of removal for PSI due to its regulated status. The resulting income statement impact (i.e. cumulative effect of a change in accounting principle) at the Cinergy and CG&E levels is approximately (\$3) million as of December 31, 2005.

cc: Brett Ritchie  
Amy Sheppard  
Debbie Nispel  
Brian Vance  
Dale Wilson  
George Stevens  
Mike O'Connor  
Brenda Melendez  
Jaime Reynolds

**INTERNAL CORRESPONDENCE**

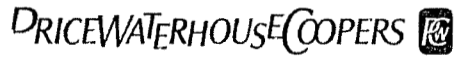
**INTERNAL CORRESPONDENCE**

**Summary Table:**

Asset	Liability Description	Conclusion on FIN 47 Adoption	12/31/2005 ARO	12/31/2005 ARC (net of accum. dep.)
Various	Asbestos contamination	ARO recorded for estimated future asbestos abatement related to the generating plants.  Expected future asbestos abatement costs related to other assets deemed immaterial.	CG&E: \$4,065,361 PSI: \$8,305,036 Cin: \$12,370,397	CG&E: \$1,069,696 PSI: \$1,555,809 Cin: \$2,625,505
River Structures	Remove or continue to mark in accordance with permit upon abandonment	ARO for estimated cost of removal of the structures recorded.	CG&E: \$1,042,051 PSI: \$401,153 Cin: \$1,443,204	CG&E: \$57,615 PSI: \$9,468 Cin: 67,084
Catalysts in SCR	Catalysts become contaminated with fly ash during use	ARO recorded for estimated future disposal costs.	CG&E: \$2,309,468 PSI: \$3,005,248 Cin: \$5,314,715	CG&E: \$1,508,097 PSI: \$1,797,142 Cin: \$3,305,239
Gas mains	Obligation to purge, cap, and seal on retirement	ARO recorded for estimated future purging, capping, and sealing costs	CG&E Cons. and Cin: \$31,979,747 ULH&P: \$6,305,777	CG&E and Cin: \$4,958,758 ULH&P: \$1,109,102
Transformers, Electric regulators, Capacitors, Potential transformers and current transformers, Breakers	PCB Contamination	Immaterial		
Residential Regulators	Mercury Contamination	Immaterial		

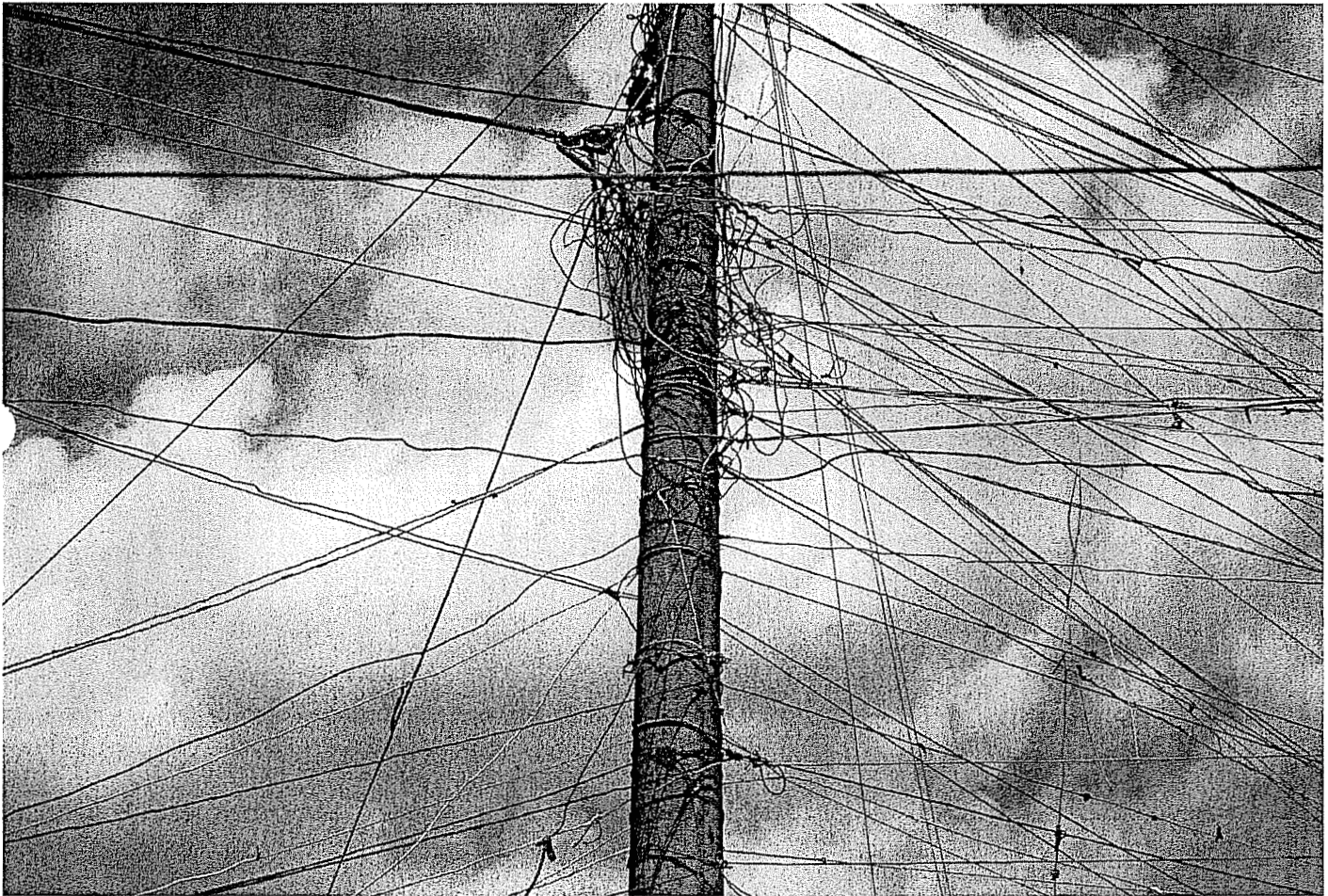
**INTERNAL CORRESPONDENCE**

Asset	Liability Description	Conclusion on FIN 47 Adoption	12/31/2005 ARO	12/31/2005 ARC (net of accum. dep.)
Retired Substation Sites	Potential PCB contamination	Immaterial		
Wood Treated Poles	None	No ARO as not required to manage as hazardous waste.		
Ash Ponds	None	No AROs exist. Even if there was a determination that an ARO existed, these assets are deemed to have indeterminate lives (ash removed from ponds has multiple beneficial uses).		
N/A	Remedial construction on expiration of the Atrium lease.	Immaterial and low probability		
FIN 47 TOTALS:				
			Cinergy: \$51,108,063	Cinergy: \$10,956,586
			CG&E consolidated: \$39,396,627	CG&E consolidated: \$7,594,166
			PSI: \$11,711,436	PSI: \$3,362,419
			ULH&P: \$6,305,777	ULH&P: \$1,109,102



# Questions and Answers\*

Interpretations for the Utility Industry



Accounting for Property, Plant and Equipment, Asset Retirement Obligations and Depreciation

\*connectedthinking

## Introduction

Accounting for property, plant and equipment and the related retirement obligations has been a fundamental element of financial reporting by utilities for many years. However, deregulation of generation assets in some jurisdictions and the issuance of FASB 143, *Accounting for Asset Retirement Obligations*, have challenged industry members to rethink previous accounting and reporting methods. FIN 47, *Conditional Asset Retirement Obligations*, effective in the fourth quarter of 2005 for most utilities, will provide new challenges.

This Questions and Answers paper was written to provide practical guidance and to assist utility companies with the challenges of implementing FIN 47. As always, the people of PricewaterhouseCoopers are available to assist you with any questions you may have regarding this publication.

I would like to acknowledge the PwC contributors and editors to this publication for a job well done.

Warmest Regards,



Paul M. Keglevic  
PricewaterhouseCoopers U.S. Utilities Leader



## Background

Utilities often apply the mass-asset convention of accounting<sup>1</sup> (also known as the “group” method) to certain fixed assets such as utility poles and other components of their transmission and distribution systems which are too numerous to practically track on an individual basis given the small relative value of each individual asset. Similarly, many utility companies utilize the composite convention of accounting for component parts of larger assets such as electric generating stations which also contain numerous components and parts which are impractical to separately track. As opposed to the unitary convention of accounting for fixed assets, generally neither the group or composite convention of accounting result in the recognition of a gain or loss upon the retirement of an asset. Rather, any difference between the net book value of the assets and the value realized at retirement (salvage proceeds less removal and disposal costs) are embedded in accumulated depreciation and considered in the determination of prospective depreciation rates.

In addition to the longstanding acceptance of the group and composite accounting conventions as Generally Accepted Accounting Principles (“GAAP”), regulatory guidance and industry practice<sup>2</sup> specifically address the appropriate convention of accounting for retirements of utility plant. The Federal Energy Regulatory Commission’s (FERC) Uniform System of Accounts (“USoA”) General Instructions specify that retirements should be recorded as: (i) a credit to the plant account; and (ii) a debit to the accumulated provision for depreciation. The cost of removal and the proceeds from salvage are also charged against the accumulated depreciation accounts when they are incurred. As a result, generally gains or losses are not recorded in the retirement of utility plant.

In order to demonstrate an example of this accounting convention, assume a utility installs an asset with an estimated useful life of 19 years incurring a total cost upon purchase and installation of \$20,000. At the time of installation, the expected net salvage value of the asset (expected salvage less the expected cost of removal and disposal) is \$1,000 resulting in a depreciable base of \$19,000. Assume that at the end of 15 years of service the asset is replaced at a removal cost of \$500 and salvage proceeds of \$1,250, resulting in net salvage of \$750. Pursuant to industry accounting described above, the resulting journal entries for the removal would be:

<i>Dr. Cash (proceeds from net salvage)</i>	\$ 750	
<i>Dr. Accumulated Depreciation</i>	*19,250	
<i>Cr. Property</i>		(\$20,000)

\* Calculated as \$15,000 accumulated depreciation plus the \$4,250 calculated loss [net salvage of \$750 less the cost of the asset (\$20,000 – \$15,000)]

Another layer of complexity to retirement accounting results from the common rate-making convention of including a provision for cost-of-removal in depreciation rates, thereby increasing depreciation expense over the life of an asset. If we were to assume a 10% removal cost for an asset for which no salvage proceeds are expected to be received, the depreciation over the life of the asset would be 110% of the cost of the asset. Under cost-of-service ratemaking, depreciation expense is recovered from customers over the life of the asset providing the utility with the revenues over the life of the asset to fund the eventual removal cost of the asset.

Prior to the implementation of Financial Accounting Standards Board (“FASB”) Statement of Financial Accounting Standards No. 143, *Accounting for Asset Retirement Obligations* (“FAS 143”), GAAP considered this “excess depreciation” expense or “negative salvage” embedded in utilities accumulated depreciation accounts to be “regulatory liabilities” representing cash previously collected to fund anticipated future expenditures.<sup>3</sup> Since industry

<sup>1</sup> As defined in the American Institute of Certified Public Accountants (“AICPA”) Draft Statement of Position, *Accounting For Certain Costs and Activities Related to Property, Plant and Equipment*, the mass-asset convention of accounting applies to the accounting for large numbers of homogeneous assets in situations in which the accounting for individual assets is not practical. Under this convention, homogeneous assets are aggregated and depreciated by applying a rate based on the average expected useful life of the assets.

<sup>2</sup> As defined by the Uniform System of Accounts of the Federal Energy Regulatory Commission, (“USoA”), specifically 18 CFR chapter 1, General Instruction 10, *Additions and Retirements of Electric Plant*.

<sup>3</sup> See Statement of Financial Accounting Standards No. 71, *Accounting for the Effects of Certain Types of Regulation*, paragraph 11. b. and FAS 143, paragraph 20.

fixed asset accounting conventions resulted in these cost of removal expenditures eventually being debited to accumulated depreciation, the industry saw no benefit in grossing-up balance sheets to provide for the separate accounting of these amounts. However, concurrent with the implementation of FAS 143, the Staff of the Securities and Exchange Commission ("SEC") provided informal guidance to the Big Four Accounting Firms and to the Edison Electric Institute that these embedded regulatory liabilities should be reclassified out of accumulated depreciation to the liability section of the balance sheet. Accordingly, utilities collecting cost of removal in their depreciation rates estimated and reclassified previously collected but unspent recoveries for removal costs to a regulatory liability.<sup>4</sup>

While FAS 143 required the accrual of an asset retirement obligation ("ARO") liability for legally required removal costs, prior to the release of FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations, an interpretation of FASB Statement No. 143* ("FIN 47"), AROs were not recorded for legally required disposal costs related to assets which themselves were never legally required to be retired (pursuant to previous interpretations of FAS 143 paragraphs A15 and A17). Therefore, even though a legal requirement may have existed to dispose of items such as treated utility poles once the utility pole was removed from service, no ARO had been recorded because there was no legal requirement to ever remove the pole from service. FIN 47 has provided interpretative guidance around this issue which will result in the establishment of AROs for these "conditional" obligations based on the premise that eventually the treated pole will be removed from service as a result of its eventual deterioration. Accordingly, we expect that many utility companies will record AROs for these conditional disposal obligations when they implement FIN 47, thereby establishing a liability for the portion of the costs that are attributable to the legal obligation. Of course, to the extent such disposal costs have previously been included in a company's estimated removal cost included in its regulatory depreciation rates, a regulatory liability already exists for the portion of the disposal costs.

In considering these two further layers of complexity to our simple example above would result in the following assumptions and balances as of December 31st of year 15, the day of the implementation of FIN 47:

<i>Original asset cost</i>	\$20,000
<i>Salvage value:</i>	
<i>Cost of removal (no legal obligation)</i>	(450)
<i>Cost of disposal (legal obligation)</i>	(50)
<i>Salvage value</i>	<u>1,500</u>
<i>Net salvage value</i>	<u>1,000</u>
<i>Net depreciable value</i>	<u>\$19,000</u>
<i>Estimated depreciable life</i>	19 yrs

Upon adoption of FIN 47, it is assumed that the Company has reclassified the cost of removal and disposal to a regulatory liability. In addition, an asset retirement cost and obligation of \$30 were recorded. For simplicity, the cumulative effect was not considered. As of year 15, the Company has already recognized approximately \$40 (\$50/19 yrs\*15) in removal cost through accumulated depreciation. As such, these costs have been reclassified out of the regulatory liability. Resulting balances at the end of year 15 assuming the implementation of FIN No. 47 has been completed:

<i>Dr. Adjusted asset cost</i>	\$20,030	
<i>Cr. ARO @ 12/31/05 (assumed)</i>		(\$ 30)
<i>Cr. Accrued regulatory liability for cost of removal and disposal</i>		
<i>[(450+50)/19*15]-ARO of 30</i>		(365)
<i>Cr. Accumulated depreciation</i>		
<i>[(20,000-1,500)/19*15]</i>		(14,600)

<sup>4</sup> Generally, removal costs remain embedded in as accumulated depreciation for regulatory reporting as outlined in paragraph 37 of FERC Order 631.

Finally, assume the asset is disposed of January 1st of year 16 with an actual cost of disposal of \$100, cost of removal of \$200 and proceeds from salvage of \$6,300. If the asset was accounted for under unit convention of accounting, the following entry would be recorded:

<i>Dr. ARO</i>	\$ 30	
<i>Dr. Accrued regulatory liability</i>	365	
<i>Dr. Cash</i>	6,000	
<i>Dr. Accumulated depreciation</i>	14,600	
<i>Cr. Property</i>		(\$20,030)
<i>Cr. Gain on Sale</i>		(965)

Depending upon the regulatory mechanism, the difference between the actual disposal and removal costs of \$300 and the accrued balance of \$395 (accrued regulatory liability plus ARO) may remain as a regulatory liability and flowed back to the customer in future years.

Under the composite convention of accounting, no gain or loss would be recorded as follows:

<i>Dr. ARO</i>	\$ 30	
<i>Dr. Accrued regulatory liability</i>	365	
<i>Dr. Cash</i>	6,000	
<i>Dr. Accumulated depreciation</i>	*13,635	
<i>Cr. Property</i>		(\$20,030)

\*The accumulated depreciation balance includes the following:

<i>Accumulated depreciation of the asset</i>	\$14,600
<i>Gain on salvage - \$6,300 less \$5,430</i>	(870)
<i>Gain on removal costs - \$200 less \$365</i>	(165)
<i>Loss on ARO settlement - \$100 less \$30</i>	<u>70</u>
<i>Total impact to accumulated depreciation</i>	<u>\$13,635</u>

In this circumstance, depending upon the regulatory mechanism, the embedded gains and losses are flowed back through the customer through depreciation rates adjusted periodically going forward.

While tracking this detail is not difficult for one asset as demonstrated above, utilities typically have tens or hundreds of thousands of these assets which have accumulated over many years. For instance, as disclosed in the property section of their Form 10-K, a single small integrated electric utility company with a market capitalization of approximately \$1.1 billion has approximately 10 generating units, 300 transmission and distribution substations, and 12,000 miles of transmission and distribution lines.

As a result of the complexities detailed above, the following Q&A has been designed to address some of the common questions regarding mass unit accounting conventions and the impact on asset retirement obligations.

Q. 1. *Many owners of previously regulated generation assets continued the use of the composite convention of accounting for their generating assets after deregulation. Is it appropriate for these companies to continue to apply the composite or group convention of accounting to these unregulated generating stations?*

A.1. The composite convention of accounting is an acceptable convention regardless of whether an entity is subject to cost-of-service regulation. As noted above, the composite or group convention was established as a means of simplifying the process of tracking a large asset system with many small components with small relative values compared to the larger composite group. As discussed in the following excerpts from Chapter 11 of Kieso, Weygandt, and Warfield's *Intermediate Accounting Text* (11th Edition), both of these conventions of accounting are considered acceptable conventions pursuant to GAAP.

Two methods of depreciating multiple-asset accounts are employed: the group method and the composite method. The term "group" refers to a collection of assets that are similar in nature. "Composite" refers to a collection of assets that are dissimilar in nature. The group method is frequently used when the assets are fairly homogeneous and have approximately the same useful lives. The composite approach is used when the assets are heterogeneous and have different lives. The group method more closely approximates a single-unit cost procedure because the dispersion from the average is not as great. The method of computation for group or composite is essentially the same: find an average and depreciate on that basis.

The differences between the group or composite method and the single-unit depreciation method become accentuated when we look at asset retirements. If an asset is retired before, or after, the average service life of the group is reached, the resulting gain or loss is buried in the Accumulated Depreciation account. This practice is justified because some assets will be retired before the average service life and others after the average life. For this reason, the debit to Accumulated Depreciation is the difference between original cost and cash received. No gain or loss on disposition is recorded.

The group or composite method simplifies the bookkeeping process and tends to average out errors caused by over- or under depreciation. As a result, periodic income is not distorted by gains or losses on disposals of assets.

It also may be suitable for an entity to use both unit and group depreciation conventions on different groups of assets based on the type of assets and ease of application. As outlined in the AICPA Audit Guide *Audits of Airlines* section 3.104, unit depreciation could be used for other fixed assets which have large units cost and are comparatively few in number.

However, we believe it would generally not be appropriate for a company to switch to composite or group depreciation convention from the unitary convention of depreciation based on preferability as established by Accounting Principles Board ("APB") Opinion No. 20, *Accounting Changes* or FASB Statement of Financial Accounting Standards No 154, *Accounting Changes and Error Corrections -- a replacement of APB No. 20 and FAS No. 3*. The selection of the composite or group depreciation is an acceptable convention of accounting when entities have not maintained detail records to support the unitary convention. One would assume that those companies who have historically used the unitary bases of depreciation should have the capability to continue the use of this convention of depreciation. Those who have historically used group or composite depreciation have not maintained detail records to their mass asset accounts and may not have the information available to establish a single unit convention of accounting.

We also believe that those businesses using the composite or group depreciation convention should regularly obtain updated depreciation studies (perhaps every 3 – 5 years), which is consistent with FERC regulations. The periodic update of depreciation rates is necessary to level actual incurred disposition gains or losses and is part of the underlying basis for the acceptability of these group accounting conventions.

- Q.2. *How do the composite and group depreciation conventions impact the recognition of gains and losses in the case of "abnormal" or "extraordinary" retirement of assets?*
- A.2. To the extent that a company may choose to depreciate assets on a group or composite basis, the policy for recognizing gains or losses on its retirement of assets should be consistent. The AICPA Audit Guide, *Audit of Airlines*, in its glossary defines group depreciation as follows:

"A plan under which (1) depreciation is based on the application of a single depreciation rate to the total book cost of all property included in a given depreciable property and equipment account or class, despite differences in service life of individual items of property and equipment, (2) the full original cost, less any salvage realized, of a retired item of depreciable property or equipment is charged to the allowance for depreciation regardless of the age of the item, and (3) no gain or loss is recognized on the retirement of individual items."

As noted above, in the case of normal retirement, no gain or loss would be recognized. As such, gains or losses which would be recognized if one used the unitary convention of accounting are simply included in the entity's net property balance and are depreciated over future years. However, although not specifically addressed in the audit guide, we believe a gain or loss should be considered in cases where abnormal or extraordinary retirements have occurred. We believe that the occurrence of an abnormal or extraordinary retirement would be rare.<sup>5</sup>

As mentioned in A.1., above, businesses using the composite or group depreciation convention should obtain updated depreciation studies periodically (every 3 – 5 years), which is consistent with FERC regulations. However, in a circumstance where an entity experiences a significant and unplanned level of retirements we recommend that an updated depreciation study be obtained more immediately. It is likely that as a result of the significant and unplanned level of retirements that the characteristics (i.e. average age of the assets, average remaining life if the assets, etc.) of the entity's property may have changed so significantly that the previous depreciation rates may no longer be a reasonable estimate of the assets' remaining depreciable life.

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<sup>5</sup> This topic is also addressed by the USoA, specifically 18 CFR chapter 1, General Instruction 10, *Additions and Retirements of Electric Plant* paragraphs 5F and 10F. Paragraph 5F discusses the retirement of an entire system or operating unit which requires the recognition of the entire gain or loss in income rather than as an adjustment to accumulated depreciation. Paragraph 10F discusses that the early retirement of material property units, referred to as "extraordinary retirements," can lead to separate deferred amortization of unrecovered plant costs, but usually requires specific regulatory approval.

Q. 3. *What is the appropriate accounting for differences between estimated accrued ARO liabilities and the actual cost of extinguishing those liabilities under composite or group convention of accounting?*

A. 3. While not addressed in the body of FAS 143, the accounting for the extinguishment of AROs was alluded to in paragraph B41 of Appendix B: Background Information and Basis for Conclusions. As further described in PwC's DataLine 2001-22: *FASB Statement No. 143, Accounting for Obligations Associated with the Retirement of Long-Lived Assets* paragraph 4, "The Board acknowledges that if the cost actually incurred to settle an ARO is less than the obligation accrued by the company based on fair value, **the company will have a gain on retirement**. The fair value measurement convention of FAS 143 was one of the most controversial of its provisions during the exposure period. The FASB published an article entitled *Understanding the Issues: The Case for Initially Measuring Liabilities at Fair Value* to explain and defend its conclusions on measurement of AROs. Consequently, we have concluded that the accounting for the extinguishment of AROs would be consistent with the accounting for the extinguishment of any other non-financial liability: any difference between the accrued and actual cost should be recognized when the liability is fully satisfied." (Emphasis added) However, we believe that the accounting for AROs is a sub-set of an entity's fixed asset accounting policies and, therefore, to the extent that an entity has elected to use the group or composite convention of accounting for depreciation, the entity should follow the group or composite accounting as described below for their accounting of AROs.

Referencing the simple example above, the recognition of a loss on retirement of \$70 (the release of the \$30 ARO liability as compared to the cash expenditure of \$100 assumed in the example) is straight-forward, and to the extent that AROs are established on a unitary basis and actual retirement costs incurred can be matched to an individual asset and ARO, this accounting is appropriate. However, many (if not substantially all) of the AROs recorded by utilities (at least those not related to nuclear plant decommissioning costs) relate to assets which are accounted for under either the group or composite conventions of accounting. Therefore the assets for which these AROs have been established are not tracked separately. These AROs have been estimated using methodologies similar to those used to establish the average or composite depreciable life of the assets: developing averages for the estimated remaining life of the assets, the period remaining until the obligations will be incurred, and the fair value of the obligations. Therefore, for the same reasons that utilities would have difficulties determining the specific gain or loss resulting from the retirement of a specific asset as a result of not maintaining detailed records of their mass asset accounts, it will also be difficult for utilities to determine the difference between the accrued ARO for an asset's retirement and the actual cost incurred for the retirement of the obligation. Entities that utilize the group or composite conventions of accounting for their property, plant and equipment do not have detailed records to track the asset and ARO information for literally thousands of group and component assets.

We believe that given: (i) the accepted convention of the group and composite accounting to embed gains and losses on the retirement of assets in the accumulated depreciation account<sup>6</sup>; and (ii) the FERC USoA's accounting instructions to account for gains, losses, salvage and cost of removal as charges to accumulated depreciation<sup>7</sup>; a modified group and composite accounting convention for AROs is acceptable. Such a method might include the following conventions:

1. The continued real-time accounting for actual costs incurred for the cost of removal of assets (including those amounts for which an ARO has been accrued) as charges to accumulated depreciation;
2. Recording accretion expense for the ARO during the current year based on the prior year's balance;

<sup>6</sup> See excerpt from Chapter 11 of Kieso, Weygandt, and Warfield's *Intermediate Accounting Text* (11<sup>th</sup> Edition) above.

<sup>7</sup> See footnote 2 above.

3. A periodic (at least annually, however more frequently if there have been significant amounts of property additions or retirements) revision of the estimated ARO and regulatory liability (amounts already collected in rates) for removal and disposal costs based on a current statistical analysis of updated fixed assets considering the impact on current year additions, retirements, and other changes to the asset average age, ARO fair value, or other relevant assumptions (i.e. similar to an updated depreciation study) and costed and discounted using current year assumptions.

Any adjustment required as a result of the analyses would result in a charge to accumulated depreciation. It is noted that some consideration was given to charging this entry to the ARC and adjusting depreciation of the ARC accordingly. However, the impact of recording the adjustment against the ARC does not result in different income treatments and adjusting accumulated depreciation preserves consistency with current accounting conventions of group depreciation. Consistent with the application of group and composite accounting theory, adjustments to accumulated depreciation will be reflected in future depreciation expense based on the utility's updated depreciation studies.

In order to provide a practical example of the three-step approach above, assume a utility has 1,000 of the assets in the previous example accounted for under the composite method. The balances as of the end of year 15 are assumed to be as follows:

<i>Original asset cost</i>	\$ 20,000,000
<i>Asset Retirement Costs (ARC)</i>	30,000
<i>Assumed ARO @ 12/31/05</i>	(30,000)
<i>Accrued regulatory liability for cost of removal and disposal</i> $[(450,000+50,000)/19*15]$ -ARO of 30	(365,000)
<i>Accumulated depreciation</i> $[(20,000,000-1,500,000)/19*15]$	(14,600,000)

The following journal entries would be recorded if ten of the 1,000 assets were removed and disposed at a cost of \$4,000 and \$250, respectively. The total salvage value of the assets was \$14,000.

Step 1 – Real time accounting for the cost of removal:

<i>Dr. Cash – Earned in salvage</i>	\$ 14,000	
<i>Dr. Accumulated depreciation</i>	190,550	
<i>Cr. Cash – Cost of removal and disposal</i>		(\$ 4,250)
<i>Cr. Utility Plant</i>		( 200,300)

The balance charged to accumulated depreciation represents the adjustment to the accumulated depreciation of the assets sold as well as the gains and losses related to the difference between the estimated removal costs, disposal costs, and salvage value as of the date of the disposal.

Step 2 – Record accretion expense based on the liability as of the beginning of the year (assuming 7% \* 30,000):

<i>Dr. Accretion expense</i>	\$2,100	
<i>Cr. ARO</i>		(\$2,100)

By recording the accretion expense based upon prior liability, one assumes that there have been no significant changes in total ARO during the year (i.e. there are some new additions to offset the disposals.)

Step 3 – Annual revision of the estimated ARO assuming an increase in overall estimate of costs of disposal for remaining assets to \$35,000 based on an updated ARO cost study:

<i>Dr. Accumulated depreciation</i>	\$2,900	
<i>Cr. ARO</i>		(\$2,900)*

\*The adjustment to the ARO is equal to the following:

<i>Beginning ARO</i>	\$30,000
<i>Accretion expense</i>	2,100
<i>Less: Required ARO</i>	<u>35,000</u>
 <i>Total adjustment recorded</i>	 <u>\$ 2,900</u>

It is noted that step 2 and 3 above do not contemplate potential impacts of regulatory recovery of removal and disposal costs. Certain regulatory recovery mechanisms will also require periodic adjustment to regulatory asset or liabilities based on the timing differences between collection, recognition and payment of removal and disposal costs. In addition, accretion expense may qualify as a deferred cost.

We also note that companies that follow the full cost rules in accordance with the SEC's Article 4-10 of Regulation S-X, which prescribes financial accounting and reporting standards for public companies engaged in the production of crude oil or natural gas in the United States, account for gains and losses resulting from the settlement of AROs in a manner similar to companies that follow the group or composite conventions of accounting for property, plant and equipment. Upon the issuance of FAS 143, the SEC Staff addressed a number of accounting issues for companies that utilize the full cost rules in Staff Accounting Bulletin No. 106, *Topic 12 D (4) Interaction of Statement 143 and the Full Cost Rules* ("SAB 106"). One issue that was not specifically addressed in SAB 106 was the accounting for gains or losses resulting from the settlement of AROs. However, the SEC did provide informal guidance to companies utilizing the full cost method that allowed those companies to preclude the recognition of gains or losses from the settlement of AROs. Instead, those companies were to record any gains or losses as adjustments to accumulated depreciation of the full cost pool, which is consistent with the overall theoretical basis of full cost accounting. This SEC guidance provides a useful analogy to the accounting concepts described above.

(Note: entities that have selected the unitary convention of accounting for fixed assets would not follow the guidance above but would recognize the difference between the estimated ARO and actual cost in earnings upon settlement of the ARO)



- Q. 4. *How frequently should cost studies supporting the computation of AROs for the decommissioning of nuclear plants be updated?*
- A. 4. FAS 143, paragraph 13, states that "an entity shall recognize period-to-period changes in the liability for an asset retirement obligation resulting from (a) the passage of time and (b) revisions to either the timing or the original estimate of undiscounted cash flows." However, the standard does not provide specific guidance on the frequency that updates to the original estimate of undiscounted cash flows should be performed.

The estimate of an ARO for nuclear decommissioning is generally calculated using expected-cash flow technique as described in FASB Concepts Statement 7, *Using Cash Flow Information and Present Value in Accounting Measurements* ("CON 7") and is subject to significant variability from even slight changes to key assumptions or inputs into the cash-flow model. Estimates of nuclear decommissioning costs involve a number of assumptions and cost estimates including: a) decommissioning costs for many discrete components; b) cost escalation factors; c) decommission approach/scenario regarding timing and methodologies; and d) choice of credit-adjusted risk free rates. Changes and revisions to these key assumptions may occur for various reasons including changes in technology and/or management's approach to decommissioning.

The Nuclear Regulatory Commission ("NRC") is responsible for overseeing the decommissioning of all nuclear plants in the United States. NRC regulation Section 50.75, *Reporting and Record Keeping for Decommissioning Planning*, establishes the requirements for how nuclear plant owners (known as licensees) are to provide the NRC reasonable assurance that the appropriate level of funds will be available for the decommissioning process. As part of the reporting process to the NRC, all licensees are required to provide a site specific cost study for the decommissioning of each nuclear unit owned every five years. These cost studies are used by the NRC to verify the licensee will have adequate funds available for the ultimate decommissioning of the unit. The preparation of these studies is generally performed by a third-party engineering firm and is an extremely expensive and time consuming process, sometimes requiring over a year to complete. Cost estimates are developed by the individual task or project required to decommission the unit. Also, the original design and subsequent modifications make each nuclear unit unique. As a result, cost estimates are specific to each nuclear unit.

The NRC provides for three alternative time choices to decommission a nuclear facility, DECON, SAFSTOR (or Delayed DECON) and ENTOMB. The DECON alternative involves the more immediate removal or decontamination of the equipment, structures and portions of the facility that contain radioactive containments so that the property can be released and the NRC license can be terminated. The SAFSTOR or Delayed DECON allows for the nuclear facility to be maintained in a condition that allows sufficient time for the radioactivity to decay; and afterwards, it is dismantled. Under ENTOMB, radioactive contaminants are encased in a structurally sound material such as concrete and appropriately maintained and monitored until the radioactivity decays to a level permitting release of the property. These time periods would generally be substantial, i.e., measured in decades rather than years.

Cost studies are typically prepared by an independent third-party consultant for each nuclear unit. The cost studies may reflect the cost to decommission a nuclear facility under a single approach or under different scenarios using a probability determination to calculate the cost estimate. The site specific cost estimate for each decommissioning scenario is prepared using the present day costs that are then escalated to the year that the decommissioning is planned for the unit. Each nuclear unit has its own specific timeline for completion, cost estimate and management's assessment of the likelihood of which decommissioning strategy will be followed that is incorporated into the expected cash flow model used to calculate the cost estimate.

The escalation factors used to determine the future cost of labor, materials and equipment, energy, burial and other decommissioning activities at the planned time of decommissioning are typically based on an assessment of the consumer price index, employment cost index, producer price index and other indices.

## Considerations

Of course, ARO should be updated when cost studies are completed at least every five years as required by the NRC. However, if circumstances warrant a change to management's approach to decommissioning a nuclear unit prior to the completion of an updated cost study, then the ARO calculation should be adjusted accordingly in the period the change is made. It may also be possible to annually obtain independent third-party verification, or an internal representation from qualified engineers, that there have been no material changes to the previously completed cost studies to further support the reasonableness of the estimated ARO. Additionally when decommissioning activities begin, the update of the applicable cost estimates should become more frequent to ensure the accuracy of the ARO.

From an accounting perspective, it is good practice to obtain all site-specific cost estimates within the same reporting period. However, for entities that own multiple nuclear units, this may not be feasible from an operational perspective. If cost estimates for different plants are updated in different periods, management should document its consideration of the feasibility of extrapolating cost study updates from one nuclear unit to other nuclear units for which updated cost estimates have not been obtained during a period.

Changes in escalation factors can have a significant impact to the ARO estimate. The underlying indices of the escalation factors' change are based on current and expected future economic conditions. As such, the rates used to escalate the costs as determined by the site-specific cost estimates should be evaluated by management at least annually and preferably within the same reporting period (i.e. quarter) for consistency between years. Additionally, for entities with multiple nuclear units, the escalation factors for all units should be updated within the same reporting period during the year. Management may obtain updates to its escalation factors from its third-party provider that was utilized to provide cost study updates or from internal sources; however, management should be consistent with its sources when determining changes to escalation factors.

The probability weightings assigned to the decommissioning scenarios incorporated into the expected cash flow model used to calculate the ARO should be updated when site-specific cost estimates are prepared. In addition, management should consider whether any events have occurred that would impact the previous probability weightings used in the calculation. Such events could include a new nuclear management team, a change in the strategic direction of the company related to the operation of their nuclear facilities, or advances in the technology and methods of decommissioning nuclear facilities.

## Accounting Recognition

Pursuant to FAS 143, changes resulting from revisions in the timing or amount of estimated cash flows should be recognized as an increase or decrease in the carrying amount of the ARO and the associated capitalized ARC. Increases in the ARO as a result of upward revisions in undiscounted cash flow estimates should be considered a new obligation and initially measured using a current credit-adjusted risk-free interest rate. Any decreases in the ARO as a result of downward revisions in cash flow estimates should be treated as a modification of an existing ARO, and should be measured at the historical interest rate used to measure the initial ARO.

Q.5. *How should one account for an asset retirement obligation when a previously inestimable ARO becomes estimable?*

A.5. Paragraph 4 of FIN 47 states that an ARO would be reasonably estimable if one of the following conditions were met: (a) It is evident that the fair value of the obligation is embodied in the acquisition price of the asset; (b) An active market exists for the transfer of the obligation; (c) Sufficient information exists to apply an expected present value technique.

Additional clarity around the ability to estimate and the subsequent accounting has been outlined under example 4 of Appendix A of the Interpretation which demonstrates that an obligation may be recognized at a date subsequent to the date that the obligation was incurred. Paragraphs A26 and A27 of FAS 143 provide guidance for the revisions of asset retirement obligations and the impact on the asset retirement cost as follows:

A26. Revisions to a previously recorded asset retirement obligation will result from changes in the assumptions used to estimate the cash flows required to settle the asset retirement obligation, including changes in estimated probabilities, amounts, and timing of the settlement of the asset retirement obligation, as well as changes in the legal requirements of an obligation. Any changes that result in upward revisions to the undiscounted estimated cash flows shall be treated as a new liability and discounted at the current rate. Any downward revisions to the undiscounted estimated cash flows will result in a reduction of the asset retirement obligation. For downward revisions, the amount of the liability to be removed from the existing accrual shall be discounted at the rate that was used at the time the obligation to which the downward revision relates was originally recorded (or the historical weighted-average rate if the year(s) to which the downward revision applies cannot be determined).

A27. Revisions to the asset retirement obligation result in adjustments of capitalized asset retirement costs and will affect subsequent depreciation of the related asset. Such adjustments are depreciated on a prospective basis.

The preceding excerpt provides implied guidance on how to account for the recognition of an asset retirement obligation which was previously inestimable at the date it was incurred or upon the implementation of FAS 143 and FIN 47. In summary, the asset retirement obligation is recorded at fair value with an equal and offsetting asset retirement cost resulting in no income statement impact. The asset retirement cost is amortized over the remaining life of the asset, mimicking the prospective approach to change in estimate<sup>8</sup>.

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<sup>8</sup> See paragraph 31 of APB 20 and paragraph 19 of FAS 154.

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To: Research Files  
From: Erica Glenn  
Subject: AROs Meeting Conditional Definition  
Date: February 9, 2006  
File Number: 2005-036b



**Background**

This memo is a supplement to the 2005-036 Fin 47 adoption memo attached to this posting. The purpose of this memo is to document which of Cinergy's AROs qualify as conditional AROs as defined by Fin 47. AROs recorded as a result of Fin 47 and additional information on the adoption of the interpretation may be referenced in the adoption memo.

FIN 47 defines a conditional ARO as *a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity.*

Accounting Research reviewed various documentation to determine which of Cinergy's AROs meet the conditional definition. Below is a discussion of the items identified as being conditional AROs.

*River Structures*

Cinergy's generating stations are generally located near waterways. Under federal navigation law (33 U.S.C. § 403), any structures below the high watermark on navigable waterways are considered an obstruction to navigation and a permit must be obtained from the U.S. Army Corps of Engineers for construction. If these structures are abandoned (meaning they are no longer being used for their original intended purpose and are not being maintained or properly marked), the U.S. Army Corps can require the owner to remove them. Therefore, a legal obligation exists for either removal or continued maintenance after retirement. Upon the end life of a station, the structures must either be removed or continue to be maintained and marked.

Therefore, the timing of settlement (required removal of the river structures) is conditional on two future events, abandonment of the structures *and* notice from the U.S. Army Corps of Engineers that removal of the structures is required. As a result, the required removal of our river structures qualifies as a conditional ARO.

*Asbestos*

Asbestos regulations were first promulgated by the federal government in 1973 and were modified to cover a broader spectrum of activities in 1990. No action is required if asbestos is identified. However, the regulations address how asbestos must be managed whenever it is disturbed for any reason. Also, the regulations require asbestos to be removed prior to any demolition. Therefore, the timing of the settlement of asbestos related obligations is conditional on a future event (disturbance of the asbestos or demolition). As such, asbestos qualifies as a conditional ARO.

*Gas mains*

## **INTERNAL CORRESPONDENCE**

Department of Transportation Pipeline Safety Regulations (49 CFR Part 192.727) require gas mains be disconnected from the source, purged, and sealed or capped at the end when retired. However, there is no requirement to retire the gas mains. Therefore, the timing of the settlement of these obligations is conditional on a future event (retirement of the mains) and these qualify as conditional AROs.

### *PCB-Contaminated Equipment (and PCBs at Retired Real Estate sites), Mercury – Residential Regulators, Catalysts in SCR*

There are regulations that require special disposal of the contaminants listed in the above header. These contaminants are embedded in certain assets of the power plants. Although there are disposal requirements to remove the contaminants, there is no requirement to remove the assets themselves. Therefore, the timing of the settlement of the obligations for these contaminants is conditional on a future event (disposal/removal of the asset) and these qualify as conditional AROs.

**Welles, Sarah**

**From:** Dean, James  
**Sent:** Tuesday, February 03, 2004 12:54 PM  
**To:** Barnhart, Christa  
**Subject:** RE: cost of removal

yes

-----Original Message-----

**From:** Barnhart, Christa  
**Sent:** Tuesday, February 03, 2004 10:39 AM  
**To:** Dean, James  
**Subject:** cost of removal

One more question for you. As part of FAS 143 adoption, we reclassified the cost of removal component of depreciation into a separate accumulated depreciation account (which was subsequently reclassified to a regulatory liability account). The salvage component remained with the life component in the original accumulated depreciation account.

The question relates to what is being recorded in the cost of removal account on an ongoing basis. Obviously, the account balance increases for additional cost of removal accrued as part of our depreciation rates. As assets are retired, I assume that the cost of removal account balance is reduced for gross removal costs that are incurred, with any salvage being recorded as a reduction of the original accumulated depreciation account. Is this correct?

Thanks,

**Christa Barnhart**  
**Accounting Research**  
**(317) 838-2193**



## **FAS 143 Accounting Standard**

### **Cinergy Generating Stations Potential Impact of Mercury MACT and Clear Skies Initiatives**

As part of the Clean Air Act Amendment passed by Congress, coal-fired boilers used for electric power generation are subject to the control of emissions of mercury to the maximum degree possible, a.k.a. Maximum Available Control Technology (MACT) by December 2007 based upon the EPA proposing regulations by December 2003 and issuing final rules by December 2004. The MACT standards may require unit-by-unit control at a yet to be determined percent removal level and may not allow any trading of emission credits.

There are also other legislative proposals concerning multi-pollutant emissions that if they were to pass in 2003, could pre-empt or replace the MACT standards regarding mercury removal. These multi-pollutant initiatives, Clear Skies is one of the more publicized, in present form would require less mercury reduction or a less aggressive schedule but would require additional SO<sub>2</sub> and NO<sub>x</sub> reductions.

Regardless of the legislation, the result will be that some units may be economically impacted to the point that their continuation as a coal-fired unit would be in question. Other fuels or other forms of generation may be more economical. The units could either be retired, converted to another fuel, or something else.

Conceptual compliance plans are presently being discussed, prepared and evaluated. Intuitively, the units that might be adversely impacted (i.e., retired / converted at the end of 2007) are the older / smaller units such as Edwardsport, the smaller units at Wabash River and Beckjord, and units 5 & 6 at Miami Fort, but that is sheer conjecture at this very preliminary point. Even if retirements were to happen for those units, the "river structures" identified for FAS143 would be required for continued station operation and would not be removed.

Their retirement sans the Mercury MACT or Clear Skies regulations would be pure conjecture as well. Coal fired units are generally built to a 30-year life standard, but with normal maintenance these units last significantly longer. Past history is probably not a good barometer, since the only units retired in the last 40 years on the PSI side was Dresser station and on the CG&E side was West End. Although with units of varying vintage (1910 – 1940) at each of the stations, Dresser Station was demolished in 1978 as the Gibson units began commercial operation and Marble Hill was on the drawing board and West End was dismantled and sold in 1977. Both were retired in an era of significant load growth where new units were much larger and more cost efficient due to the new technology of pulverized coal (in lieu of stoker grate) and "economies of scale".

**Welles, Sarah**

**From:** Schafer, Dave - Capital Projects  
**Sent:** Friday, May 17, 2002 5:48 PM  
**To:** Barnhart, Christa  
**Subject:** RE: FAS 143

I received/made phone calls, not e-mail.

-----Original Message-----

**From:** Barnhart, Christa  
**Sent:** Friday, May 17, 2002 2:56 PM  
**To:** Schafer, Dave - Capital Projects  
**Subject:** FAS 143

When I talked to you earlier this week, you said you had received a few email responses from individuals regarding your question about whether we had made any promises related to our T&D property. Could you forward those to me to have as documentation in our files? Thanks. *(Note to file: per Dave, he made/received phone calls regarding whether we had made any promises to complete any special retirement procedures on our T&D property. The responses indicated we had not made any such promises.)*

**Christa Barnhart**  
**Accounting Research**  
**(317) 838-2193**

## Background Document for FAS 143

### The Uncertainty of Closure Requirements Involving Surface Impoundments Used for Ash Storage

Surface impoundments, commonly known as ash ponds, have no specific closure requirements until the management unit no longer has a useful purpose for storing the residues from the combustion process (referred to as coal combustion products, coal ash or CCP) and for wastewater treatment. The useful life of these ponds is often tied to the life of the generating station, but sometimes they can remain active for a period afterwards to allow for the marketing of the ash remaining in the pond.

There are many methods used to extend the life of active ash storage ponds or to treat the wastewater. The methods used to create additional capacity include (1) the construction of an expansion cell or pond immediately adjacent to the active pond using series of pipes to hydraulically connect the new pond with the existing ponds in the system; (2) increasing the height of the dikes on the active ponds; or (3) the removal of the CCP to reuse beneficially or to land dispose into a landfill.

The most common method utilized by Cinergy to create additional capacity is to construct a new pond adjacent to the existing pond. The ash in the active pond is then physically transported to the newly constructed pond using a hydraulic dredge. The transport water that is used to move the ash into the new pond is gravity fed back into the original pond and discharged through the original NPDES outfall. Creating additional storage area without changing the original outfall or discharge location of the water can be done without changing the permit. This process is usually economically feasible and is easily managed if property is available to expand to new ponds in the system. When the original pond is full again, the process can be repeated as long as the plant is in operation. Since these ponds are connected through a system of pipes, and continue to the treat water before discharge the older sections or cells often cannot be closed out.

Another example of a method used to maintain capacity or extend the life of the water treatment / ash pond for the life of the station or beyond is at Noblesville and Miami Fort Stations. The Noblesville Station is repowering with gas and will no longer need ash storage capacity but will need a pond for wastewater treatment. The ash will be completely removed from the ponds to use as structural fill at another location and the pond will be maintained to solely treat water for the new gas fired units installed. The closure cost or the closure period for this pond is indeterminate at this time because the repowering of the station has extended its useful life. In the case of the Miami Fort Station the ash is removed from the existing ponds as they near capacity and hauled off site to be used beneficially for structural fill. The ponds system at Miami Fort Station cannot be expanded because of property limitations thus the same ponds must be reused as long at the generating units continue to burn coal and have a need to treat the wastewater before discharge.

Once it is determined the station no longer has a need for ash storage or water treatment, then closure and post closure requirements are negotiated with the appropriate regulatory authority. It is not until the station determines it is necessary to close the pond that the cost for

closure or post closure can be determined or when the money to conduct these activities will be spent. There is currently no plan to close any of the ash ponds at the Cinergy stations that have wet handling ash systems or require the surface impoundments for wastewater treatment.

Cinergy can elect to keep the ash pond and / or the discharge permits active even after the plant boilers are retired. Keeping the permits and ponds active allows for treatment of storm or process water that comes in contact with the ash in the pond if activities necessitate the ponds remain open. Allowing the pond to remain active gives the company time to market the ash for reuse or to allow for time necessary to remove for disposal in another land management unit.

To summarize, the ponds systems are often tied to the life of the generating units and the dollar cost for closure and post closure activities cannot be determined nor can the time period when closure activities will occur be identified. The ponds can remain open for an undisclosed period even after plant closure to allow for marketing activities of the remaining ash for beneficial use projects. This allows the company to avoid cost associated with land disposal or closure and post closure care of the surface impoundments. An example of this is at AEP's Breed Station. The boilers at this station have been retired since 1994 yet the ash pond at the station remains open and it still has an active NPDES permit to control / treat of storm water. AEP continues to market the ash from the station and is processing the ash stored in the pond. The pond could eventually be emptied and closure avoided.

**Welles, Sarah**

**From:** Shelton, Ray  
**Sent:** Monday, June 10, 2002 1:13 PM  
**To:** Barnhart, Christa  
**Subject:** RE: corporate office buildings

Christa,

None that I know of here on the East Side.

Ray

-----Original Message-----

**From:** Barnhart, Christa  
**Sent:** Monday, June 10, 2002 11:12 AM  
**To:** Shelton, Ray; Morrison, Gail  
**Subject:** FW: corporate office buildings

Were either of you aware of any obligations of the type described below? I'm guessing that you weren't aware of any, but if you could confirm that, I would appreciate it. Thanks.

-----Original Message-----

**From:** Barnhart, Christa  
**Sent:** Tuesday, May 21, 2002 11:26 AM  
**To:** Tomasetti, Mike; Shelton, Ray; Morrison, Gail  
**Subject:** corporate office buildings

Accounting is working on implementation of a new standard that requires recognition of a liability for any legal obligations to retire long-lived assets. "Retirement" includes both land remediation and removal costs (for example, tearing down a power plant at completion and returning the land to "green" condition). Legal obligations do not necessarily have to be created by federal, state, or local laws. Legal obligations can also be created when a promise is made that another party relies upon (either oral or in a contract). When oral promises are made, there are certain legal doctrines that can still cause a liability to be incurred despite the fact that there is no formal agreement. We have formed an implementation team of individuals that meet every other week from several different departments to assist in the implementation effort of this standard.

We need to know if there are any legal obligations or promises made related to our corporate office buildings (CO in Plainfield, downtown Cincinnati offices, district office buildings, etc.). Members of our implementation team suggested that you might be able to get us on the right path for determining whether we have any such requirements for the corporate buildings. For example, would we be required to tear down any of our office buildings if they are no longer being used? One member of our implementation team indicated that FAA regulations would require that we remove structures exceeding a certain height (microwave tower, water tower) if we were to abandon CO. Let me know if there is someone else I should forward this request to.

Thanks,

**Christa Barnhart**  
**Accounting Research**  
**(317) 838-2193**

**Welles, Sarah**

**From:** Barnhart, Christa  
**Sent:** Wednesday, June 25, 2003 6:25 PM  
**To:** Laub, Peggy; Dean, James; Brewer, Dick; Nispel, Debbie; Meiers, Jim; Stieritz, Jim;  
Beck, David; Thorp, Jim  
**Subject:** meeting agenda

**Attachments:** Wrapup meeting-environmental.doc

Attached below is an agenda for our meeting on Thursday. (Dick and Dave, I know you are unable to attend, but wanted to send this to you for your information and future reference.)



Wrapup  
meeting-environmental.

Thanks,  
**Christa Barnhart**  
**Accounting Research**  
**(317) 838-2193**

**FAS 143 Wrap-up Meeting – Environmental  
6/26/2003**

1. Contact Fixed Asset Accounting if any of the following occur:
  - a. New law or regulation is issued that may create a new asset retirement obligation (Example: anticipated regulations on ash ponds are issued).
  - b. New regulatory order is issued that may create a new asset retirement obligation (Example: requirement in IURC order to return Henry County plant site to original condition upon cessation of plant operations)
  - c. Testimony is filed in a rate proceeding that could create a new asset retirement obligation under promissory estoppel.
  - d. You become aware of any company representative making a public statement that could create a new asset retirement obligation under promissory estoppel.
  - e. We acquire any new assets that have an asset retirement obligation (Example: acquisition of synfuel plants, such as Oak Mountain).
  - f. We enter into new contracts that contain conditions for asset retirement (Example: agreement for BP project).
  - g. You become aware of any change that would significantly change the cost estimates we used in our initial implementation.
  - h. Any other item that you feel should be evaluated for whether or not it creates a new asset retirement obligation.
  - i. If your job responsibilities change such that you are no longer the appropriate person to contact for the issues we discussed with you during our implementation process, please let us know who the new contact person is.
  
2. Annual estimate updates
  - a. Time frame for obtaining
  - b. Will need to obtain updated estimates and evaluate whether or not they reasonably approximate the amounts currently recorded for asset retirement obligations.
  - c. Will also need to evaluate whether the timing of performing the retirement activities is still estimated to occur at the same dates.

**Welles, Sarah**

**From:** Barnhart, Christa  
**Sent:** Monday, July 07, 2003 5:21 PM  
**To:** Laub, Peggy; Dean, James; Brewer, Dick; Nispel, Debbie; Meiers, Jim; Stieritz, Jim; Beck, David; Thorp, Jim  
**Cc:** McKee, Pat  
**Subject:** Current Environmental FAS 143 Obligations

**Attachments:** Environmental Obligations at 07-07-2003.doc; Wrapup meeting-environmental.doc

Attached below is the document requested in our meeting on 6/26. (Pat, I realize you were not in this meeting. I have just copied you for your reference since your name is listed in the first document attached below.) It lists the items that were determined to be asset retirement obligations (ARO) under FAS 143, the contact within Environmental, and the station/engineering contact. Note that obligations are only currently recorded for the first 4 items on the list. The last 2 will need to be monitored prospectively for any changes that cause the cost estimates to become more material such that we need to reconsider whether an asset retirement obligation should be recorded. Let me know if any changes should be made, especially as it relates to the contact people. For example, I know that Ron Ehlers is no longer in the position at Zimmer that he was in during our implementation.



Environmental  
Obligations at 0...

Just to make sure we are all on the same page, here is a high level summary of the results of our meeting:

- The cost estimates provided to Accounting during FAS 143 implementation will need to be reviewed annually to determine whether or not revisions are necessary to the AROs currently recorded. For example, the estimate for closure activities at the Gibson landfill will need to be revised to reflect current costs and the number of acres remaining to be closed. Fixed Asset Accounting and Environmental will coordinate as to the timing of when the annual reviews are to take place.
- Environmental will monitor the items listed in the document attached above for any changes in regulations, costs, etc., and will notify Fixed Asset Accounting of any such changes that might cause them to revise the amounts currently recorded for AROs prior to the annual reviews of such amounts.
- Environmental (Debbie) will send the environmental activity report to Fixed Asset Accounting after doing a high level review and noting any items that Fixed Asset Accounting may want to have further discussions on with Environmental and/or Legal to determine whether they rise to the level of being an ARO.
- Environmental will notify Fixed Asset Accounting if they become aware that any of the items listed in item 1 of the document attached below have occurred:



Wrapup  
eting-environmental

Let me know if there are any items that I have missed or that need clarification.

Thanks,  
**Christa Barnhart**



**Accounting Research**  
**(317) 838-2193**

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**Current FAS 143 Obligations – Environmental**

Obligation	Environmental Contact	Generating Station/Engineering Contact
1. Closure and post-closure activities for Gibson Station Scrubber Sludge Landfill	Jim Meiers	Gary Etolen (allocation of cost estimate to future periods) Jim Thorp (cost estimates)
2. Closure and post-closure activities for East Bend Landfill	Jim Stieritz	George Rettig (allocation of cost estimate to future periods) BBC&M Engineering (cost estimates)
3. Closure and post-closure activities for Zimmer Residual Waste Landfill	Jim Stieritz	Ron Ehlers (?) BBC&M Engineering (cost estimates and allocation to future periods)
4. Closure activities for Lawrenceburg Road Ash Landfill at Miami Fort Station	David Beck	Bob Gerbus (of TransAsh Inc., provided cost estimate) David Beck (timing of closure activities)
5. Closure activities for Pond Run Ash Landfill at Beckjord Station	David Beck	David estimated \$200,000 to complete proper closure. Due to immateriality, we did not pursue this any further. However, should this amount become more material, we would need to reconsider whether we should record an asset retirement obligation.
6. Closure of underground storage tanks	Pat McKee	Pat estimated \$1,000 for soil sampling and \$2,000 for tank cleanout and disposal. When multiplied by 70 tanks across the Cinergy system, the result was an immaterial amount. However, should this amount become more material, we would need to reconsider whether we should record an asset retirement obligation.

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**Welles, Sarah**

**From:** Barnhart, Christa  
**Sent:** Tuesday, July 08, 2003 11:32 AM  
**To:** Finnigan, John; Pope, Jim; Scheidler, John; Walker, Janice; Gambill, Barb; Moriarty, Kate  
**Cc:** Laub, Peggy; Dean, James  
**Subject:** FAS 143 wrap-up

Now that we have finished our implementation of FAS 143, the legal conclusions reached during that process will need to be monitored for any changes. Fixed Asset Accounting (Peggy Laub and Jim Dean) will also need to be made aware of any new developments that may create new asset retirement obligations. Please contact them if any of the following items occur:

- a. New law or regulation is issued that may create a new asset retirement obligation (Example: anticipated regulations on ash ponds are issued).
- b. New regulatory order is issued that may create a new asset retirement obligation (Example: requirement in IURC order to return Henry County plant site to original condition upon cessation of plant operations).
- c. Testimony is filed in a rate proceeding that could create a new asset retirement obligation under promissory estoppel.
- d. You become aware of any company representative making a public statement that could create a new asset retirement obligation under promissory estoppel.
- e. We acquire any new assets that have an asset retirement obligation (Example: acquisition of synfuel plants, such as Oak Mountain).
- f. We enter into new contracts that contain conditions for asset retirement (Example: agreement for BP project).
- g. Any other item that you feel should be evaluated for whether or not it creates a new asset retirement obligation.
- h. If your job responsibilities change such that you are no longer the appropriate person to contact for the issues we discussed with you during our implementation process, please let them know who the new contact person is.

Let me know if you have any questions.

**Christa Barnhart**  
**Accounting Research**  
**(317) 838-2193**

**Welles, Sarah**

**From:** Barnhart, Christa  
**Sent:** Tuesday, July 08, 2003 11:50 AM  
**To:** Steffen, Jack; Farmer, Stephen  
**Cc:** Laub, Peggy; Dean, James  
**Subject:** FW: FAS 143 wrap-up

Jack and Steve,

I'm forwarding this to you in reference to items b and c in the list below. Both are items that Rates would be in a position to monitor along with Legal as it relates to any new asset retirement obligations under FAS 143. Let me know if you have any questions. I don't know who will be taking on Lee's responsibilities as he transitions to his new role as assistant comptroller...please forward this message on as appropriate.

-----Original Message-----

**From:** Barnhart, Christa  
**Sent:** Tuesday, July 08, 2003 10:32 AM  
**To:** Finnigan, John; Pope, Jim; Scheidler, John; Walker, Janice; Gambill, Barb; Moriarty, Kate  
**Cc:** Laub, Peggy; Dean, James  
**Subject:** FAS 143 wrap-up

Now that we have finished our implementation of FAS 143, the legal conclusions reached during that process will need to be monitored for any changes. Fixed Asset Accounting (Peggy Laub and Jim Dean) will also need to be made aware of any new developments that may create new asset retirement obligations. Please contact them if any of the following items occur:

- a. New law or regulation is issued that may create a new asset retirement obligation (Example: anticipated regulations on ash ponds are issued).
- b. New regulatory order is issued that may create a new asset retirement obligation (Example: requirement in IURC order to return Henry County plant site to original condition upon cessation of plant operations).
- c. Testimony is filed in a rate proceeding that could create a new asset retirement obligation under promissory estoppel.
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- f. We enter into new contracts that contain conditions for asset retirement (Example: agreement for BP project).
- g. Any other item that you feel should be evaluated for whether or not it creates a new asset retirement obligation.
- h. If your job responsibilities change such that you are no longer the appropriate person to contact for the issues we discussed with you during our implementation process, please let them know who the new contact person is.

Let me know if you have any questions.

**Christa Barnhart**  
**Accounting Research**  
**(317) 838-2193**

**Welles, Sarah**

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**From:** Barnhart, Christa  
**Sent:** Tuesday, July 08, 2003 3:23 PM  
**To:** Laub, Peggy; Dean, James; Wilson, Dale; Douglas, Diana; Storck, Don; Schafer, Dave  
**Subject:** meeting agenda

**Attachments:** Wrapup meeting-EMBU and RBU.doc



Wrapup  
meeting-EMBU and RBU

Attached below is an agenda for our meeting tomorrow morning. Dale, the accounting conference room isn't available tomorrow morning. Come by my desk, and we will find an empty office or conference room to use. Diana, are you planning on going over to 234A, or should I call you at your desk? Also, you had indicated that you had forwarded my meeting request to Jim Woestman so that someone from his group would attend. I have not received any additional responses...do you know if Jim or someone from his group is planning to be on the call?

Thanks,  
Christa Barnhart  
Accounting Research  
(317) 838-2193

<b>Tracking:</b>	<b>Recipient</b>	<b>Read</b>
	Laub, Peggy	Read: 7/8/2003 4:56 PM
	Dean, James	Read: 7/8/2003 5:58 PM
	Wilson, Dale	Read: 7/9/2003 9:41 AM
	Douglas, Diana	Read: 7/8/2003 3:51 PM
	Storck, Don	Read: 7/8/2003 3:58 PM
	Schafer, Dave	Read: 7/8/2003 5:40 PM

**FAS 143 Wrap-up Meetings**

1. Contact Fixed Asset Accounting if any of the following occur:
  - a. New law or regulation is issued that may create a new asset retirement obligation (Example: anticipated regulations on ash ponds are issued).
  - b. New regulatory order is issued that may create a new asset retirement obligation (Example: requirement in IURC order to return Henry County plant site to original condition upon cessation of plant operations)
  - c. Testimony is filed in a rate proceeding that could create a new asset retirement obligation under promissory estoppel.
  - d. You become aware of any company representative making a public statement that could create a new asset retirement obligation under promissory estoppel.
  - e. We acquire any new assets that have an asset retirement obligation (Example: acquisition of synfuel plants, such as Oak Mountain).
  - f. We enter into new contracts that contain conditions for asset retirement (Example: agreement for BP project).
  - g. Any other item that you feel should be evaluated for whether or not it creates a new asset retirement obligation.
  - h. If your job responsibilities change such that you are no longer the appropriate person to contact for the issues we discussed with you during our implementation process, please let us know who the new contact person is.
  
2. Settlement of asset retirement obligations
  - a. How are the costs incurred for settlement of asset retirement obligations (for example, interim closure costs for a landfill) being tracked so that Fixed Assets can reduce the liability appropriately?

**Attorney General First Set Data Requests**  
**ULH&P Case No. 2005-00042**  
**Date Received: April 6, 2005**  
**Response Due Date: April 19, 2005**

**AG-DR-01-069**

**REQUEST:**

69. Please provide any and all internal studies and correspondence concerning the Company's implementation of FASB Statement No. 143 and the FERC NOPR and Order No. 631 in RM-02-7-000.

**RESPONSE:**

ULH&P objects to producing the following documents on the grounds that they are protected against discovery on the basis of the attorney-client privilege and the work product privilege:

- Internal memorandum from Paul Colbert (Cinergy attorney) and other Cinergy attorneys to Brett Ritchie dated 8/11/03;
- E-mail from Christa Barnhart to Peggy Laub dated 8/6/04, attaching e-mails from Kate Moriarty (Cinergy attorney);
- E-mail from Christa Barnhart to Peggy Laub dated 12/2/03, attaching e-mails to and from John Finnigan (Cinergy attorney);
- E-mail from Christa Barnhart to John Finnigan and Michael Pahutski (Cinergy attorneys) dated 6/26/06;
- Undated agenda entitled "FAS 143 Wrap-up Meetings," listing issues to discuss with Cinergy attorneys;
- E-mail from Brett Ritchie to John Finnigan and Jim Pope (Cinergy attorneys) and other Cinergy employees dated 1/9/03

Subject to this objection, see Attachment KyAG-DR-01-069.

**WITNESS RESPONSIBLE:** Peggy A. Laub

**Attorney General First Set Data Requests**  
**ULH&P Case No. 2005-00042**  
**Date Received: April 6, 2005**  
**Response Due Date: April 19, 2005**

**AG-DR-01-069-Supplemental**

**REQUEST:**

69. Please provide any and all internal studies and correspondence concerning the Company's implementation of FASB Statement No. 143 and the FERC NOPR and Order No. 631 in RM-02-7-000.

**RESPONSE:**

ULH&P incorporates its original response to this data request, except that in its original response, ULH&P identified as privileged an e-mail from Christa Barnhart to John Finnigan and Michael Pahutski dated 6/26/06. ULH&P states that the correct date of this e-mail is 6/26/03. In addition, ULH&P has identified the following additional documents which are responsive to this request, but which ULH&P objects to producing on the grounds that they are protected against discovery on the basis of the attorney-client privilege, accountant-client privilege and the work product privilege:

- 11/6/01 e-mail from Bob Kirch to Kim Carlson, Bernie Roberts, Gwen Pate, and Brett Ritchie re: SOP;
- 2/4/02 memo from Bernie Roberts to addressees re: FAS 143 Implementation;
- 1/9/03 memo from Brett Ritchie to Bernie Roberts, Peggy Laub, and Kim Carlson re: Cost of removal and FAS 143;
- 4/22/03 memo from Christa Barnhart to Bernie Roberts re: FAS 143-Summary of Conclusions;
- 2/3/03 memo from Paul Colbert, John Finnigan, Kate Moriarty, Jim Pope, John Scheidler, Janice Walker to Brett Ritchie re: Review of Assets for Legal Obligation to Remove;
- 10/22/02 e-mail from John Scheidler to Christa Barnhart re: Primer on Cinergy Land Rights;
- 1/27/03 memo from Christa Barnhart to Barb Gambill, Debbie Nispel, and Dick Brewer re: FAS 143 Obligations – Environmental;
- 2/14/03 e-mail from Mark Foster to Christa Barnhart re: Corporate Implementation of New Accounting Standard;
- 4/23/02 e-mail from Bernie Orender to Station Managers, John Roebel, Dennis VonDielingen, Paul King, Dan Rimstidt, Tom Mason, Jim Pope, and John Scheidler re: Corporate Implementation of New Accounting Standard;
- 1/9/03 e-mail from John Finnigan to Christa Barnhart re: Corporate Implementation of New Accounting Standard;
- 5/7/02 e-mail from Dave Renner to Bernie Orender re: Corporate Implementation of New Accounting Standard;



- 5/14/02 e-mail from Bernie Orender to Christa Barnhart re: Corporate Implementation of New Accounting Standard;
- 6/10/02 e-mail from Gail Morrison to Christa Barnhart re: corporate office buildings;
- 10/22/02 e-mail from Dale Wilson to Christa Barnhart re: Corporate Implementation of New Accounting Standard;
- 4/9/03 e-mail from Jim Pope to Christa Barnhart re: Corporate Implementation of New Accounting Standard;
- 2/7/03 e-mail from Don Storck to Christa Barnhart re: MGP;
- 5/17/02 e-mail from Dale Wilson to Christa Barnhart and Brett Ritchie re: Markland;
- 1/20/03 e-mail from Jonathan Maglaski to Christa Barnhart re: Summary of Discussion;
- 10/18/02 e-mail from DeLinda Alspaugh to Christa Barnhart re: Plainfield Water Tower – Carr Road;
- 5/9/02 e-mail from John Scheidler to Christa Barnhart re: Marble Hill;
- Undated paragraph re: Jim Pope opinion on Gibson unit 5;
- 2/3/03 e-mail from Christa Barnhart from Mark Foster re: demolition estimates;
- 2/7/03 fax to Christa Barnhart from Mark Foster re: demolition estimates;
- 1/13/03 memo to Research Files from Christa Barnhart and Mark Foster re: Generating Stations and FAS 143;
- 1/28/03 e-mail from Darlene Radcliffe to Christa Barnhart re: Mercury MACT;
- 11/25/02 e-mail from Brett Ritchie to Christa Barnhart re: Navigable waterways;
- 6/19/03 e-mail from Brett Ritchie to Christa Barnhart re: FAS 143 – Asset Retirement Obligations;
- 5/5/03 e-mail from Brett Ritchie to Christa Barnhart re: FAS 143 Questions;
- 2/7/03 e-mail from Brett Ritchie to Christa Barnhart re: Cinergy-Implementation of SFAS No. 143;
- 1/21/03 e-mail from Brett Ritchie to Bob Bitter re: MGP sites;
- 5/16/03 letter to christa Barnhart from Sharon Hilmes at Baker & Daniels.

**WITNESS RESPONSIBLE:** Peggy A. Laub

**Laub, Peggy**

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**From:** Ritchie, Brett  
**Sent:** Monday, August 16, 2004 8:20 AM  
**To:** Barnhart, Christa; Sheppard, Amy  
**Subject:** RE: FAS 143 disclosure for tax return

One comment (which may be too late).

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**From:** Barnhart, Christa  
**Sent:** Friday, July 30, 2004 11:48 AM  
**To:** Ritchie, Brett; Chong, Amy  
**Subject:** FAS 143 disclosure for tax return

Becky Arbino in Tax asked me to provide an explanation of what happened when we adopted FAS 143 for CG&E. They have to include this information in CG&E's tax return as an explanation of a book/tax difference caused by the cumulative effect adjustment of adopting FAS 143. Here is what I have drafted. I thought I should run it by you given the document it will be included in. Let me know if I should change anything prior to providing this to Becky.

-----

In 2003, CG&E recorded a gain of \$39 million (net of tax) for the cumulative effect of adopting Statement of Financial Accounting Standards No. 143, Accounting for Asset Retirement Obligations (Statement 143). Substantially all of this adjustment reflects the reversal of previously accrued cost of removal for CG&E's generating assets, which do not apply the provisions of Statement of Financial Accounting Standards No. 71, Accounting for the Effects of Certain Types of Regulation. Statement 143 prohibits the accrual of estimated retirement and removal costs unless resulting from legal obligations to retire an asset *[Ritchie, Brett]* or unless established regulatory practices allow for the accrual of such amounts.

**Christa Barnhart**  
**Accounting Research**  
**(317) 838-2193**

<b>Tracking:</b>	<b>Recipient</b>	<b>Read</b>
	Barnhart, Christa	Read: 8/16/2004 9:19 AM
	Sheppard, Amy	Read: 8/16/2004 8:21 AM

**Dean, James**

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**From:** Barnhart, Christa  
**Sent:** Wednesday, May 05, 2004 5:12 PM  
**To:** Dean, James; Reynolds, Jaime  
**Subject:** Zimmer and East Bend

In the process of obtaining the annual cost estimate updates, did you learn if any dollars were expended in 2003 for the AROs at Gibson, Zimmer, or East Bend? Jim, I think when you and I met with Jim Thorp and Kevin Olivey a few months ago, they indicated we had spent about \$62,000 in 2003 related to the Gibson ARO. Did you ever hear anything further from them regarding whether the cost estimate we are using for Gibson is still accurate and how it compares to the capital budget?

I don't think I asked about East Bend and Zimmer (if I did, I don't remember what the answer was).

Thanks,  
**Christa Barnhart**  
**Accounting Research**  
**(317) 838-2193**

**Laub, Peggy**

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**From:** Slavens, Brian  
**Sent:** Tuesday, April 13, 2004 8:45 AM  
**To:** Good, Lynn; Howe, Lee; Ritchie, Brett  
**Cc:** Pate, Gwen; Karageorges, Carolyn - smtp; Lawler, Sarah  
**Subject:** Cost of Removal Classification

**Attachments:** Cost Of Removal Memo.doc

Lynn/Brett/Lee,

Attached is a memo to support Cinergy's position regarding the classification of cost of removal in the cash flow statements as of December 31, 2003, and our prospective treatment for your review.

If you have any questions/comments, please let me know.

Thanks,

Brian Slavens  
External Reporting  
317-838-1018



Cost Of Removal  
Memo.doc (42 K...

**INTERNAL CORRESPONDENCE**

To: Lynn Good, Brett Ritchie, and Lee Howe  
From: Brian Slavens  
Subject: Cost of Removal Classification in the Cash Flow Statement  
Date: April 7, 2004  
File Number: 2004-ER014



**Issue:**

How should the cash paid upon settlement of an asset retirement obligation (cost of removal) be classified within Cinergy's statements of cash flows?

**Background:**

Financial Accounting Standards Board (FASB) Statement 143, *Accounting for Asset Retirement Obligations* (Statement 143), addresses the accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. Statement 143 provides for recognition of a liability for a legal obligation associated with the retirement of a long-lived asset that results from the acquisition, construction, development, and (or) the normal operation of a long-lived asset. FASB Statement 95, *Statement of Cash Flows* (Statement 95), requires cash receipts and payments in a statement of cash flows to be classified as operating, investing, or financing activities.

We recognize liabilities for the fair value of legal obligations associated with the retirement or removal of long-lived assets at the time the obligations are incurred and can be reasonably estimated in accordance with Statement 143. We also recognize non-legal accrued cost of removal for our rate regulated property plant and equipment when removal of the asset is considered likely in accordance with FASB Statement 71, *Accounting for the Effects of Certain Types of Regulation*.

Statements 71, 143 and 95 do not provide specific guidance on the classification of the cash outflows incurred upon settlement of the liability for the legal and non-legal cost of removal obligations within an enterprise's statement of cash flows.

The Emerging Issues Task Force (EITF) issued EITF 02-6, *Classification in the Statement of Cash Flows of Payments Made to Settle an Asset Retirement Obligation within the Scope of FASB Statement No. 143* (EITF 02-6), which concluded the following:

“...a cash payment made to settle an asset retirement obligation should be classified in the statement of cash flows as an operating activity.”

## **INTERNAL CORRESPONDENCE**

There is no specific guidance indicating how cash payments for non-legal cost of removal obligations should be classified in the cash flow statements. In addition, the EITF is silent as to how it should be adopted by an entity (i.e., prospectively or retroactively).

### **Conclusion:**

Based on the guidance provided by EITF 02-6, we have classified the cash paid for legal asset retirement obligations as an operating activity on its consolidated statements of cash flows. As the removal and retirement activities are substantially the same regardless of whether incurred in relation to a recognized asset retirement obligation, we have applied EITF 02-6 to all cash payments associated with cost of removal (AROs and non-AROs) as operating activities in the consolidated statements of cash flows. These cash payments have collectively been classified as "Cost of Removal" on the Consolidated Statement of Cash Flows.

When an EITF is silent to adoption timing, the adoption will be made prospectively, consistent with the guidance in EITF D-1. Additionally, Statement 143 was effective 1/1/03; as EITF 02-6 was written to address Statement 143 liabilities, the EITF would be effective consistent with the effective date of Statement 143. Accordingly, we have adopted EITF 02-6 as of 1/1/03 and will not reclassify prior periods.

For the 2003 Form 10-K, Cinergy and PSI were the only registrants to adopt this classification as CG&E consolidated and ULH&P were deemed to have immaterial cash payments of \$5.7 million and \$1.2 million, respectively. Effective 1/1/04, all registrants will present the cash paid for cost removal in the operating activities section of their respective statements of cash flows.

cc: Gwen Pate  
Carolyn Karageorges, D&T

**Laub, Peggy**

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**From:** Lawler, Sarah  
**Sent:** Tuesday, March 02, 2004 11:26 AM  
**To:** Good, Lynn  
**Cc:** Ritchie, Brett; Howe, Lee  
**Subject:** Accrued Cost of Removal Reclassifications

**Attachments:** COR.xls; CORchanges.doc

Lynn,

Please see attached for

a) a summary of the accrued cost of removal balances from 1999 to 2003 for each registrant.



COR.xls (18 KB)

b. a summary of the significant changes to the 10-K as a result.



CORchanges.doc  
(294 KB)

**Selected Financial Data Table**

- We have included Cinergy Corp balance sheet only in the attached so you can review presentation.
- Reg asset table in the policy footnote - redlined for changes
- Accounting Changes section discussing ARO - redlined for changes

Please let us know if you have any questions.

Thanks,

Sarah

**Accrued Cost of Removal Balances**

	2003	2002	2001	2000	1999
Cinergy	490,856	525,415	492,149	470,994	433,988
CG&E	155,336	209,455	198,982	194,998	182,085
PSI	335,520	315,960	293,167	275,996	251,902
ULH&P	27,443	25,210	22,337	20,559	18,017



## ITEM 6. SELECTED FINANCIAL DATA

	2003	2002	2001	2000	1999
<i>(in millions, except per share amounts)</i>					
<b>Cinergy<sup>(1)</sup></b>					
<b>Results of Operations:</b>					
Operating revenues <sup>(2)</sup>	\$ 4,416	\$ 4,059	\$ 3,950	\$ 3,752	\$ 3,427
Income before discontinued operations and cumulative effect of changes in accounting principles	435	397	457	400	402
Discontinued operations, net of tax <sup>(3)</sup>	9	(25)	(15)	(1)	2
Cumulative effect of changes in accounting principles, net of tax <sup>(4)</sup>	26	(11)	-	-	-
Net income	470	361	442	399	404
<b>Per Share Data:</b>					
<b>Earnings per common share (EPS)</b>					
Income before discontinued operations and cumulative effect of changes in accounting principles	2.46	2.37	2.87	2.52	2.53
Discontinued operations, net of tax <sup>(3)</sup>	0.05	(0.15)	(0.09)	(0.01)	0.01
Cumulative effect of changes in accounting principles, net of tax <sup>(4)</sup>	0.15	(0.06)	-	-	-
Net income	2.66	2.16	2.78	2.51	2.54
<b>EPS - assuming dilution</b>					
Income before discontinued operations and cumulative effect of changes in accounting principles	2.43	2.34	2.84	2.51	2.52
Discontinued operations, net of tax <sup>(3)</sup>	0.05	(0.15)	(0.09)	(0.01)	0.01
Cumulative effect of changes in accounting principles, net of tax <sup>(4)</sup>	0.15	(0.06)	-	-	-
Net income	2.63	2.13	2.75	2.50	2.53
Dividends declared per share	1.84	1.80	1.80	1.80	1.80
<b>Balance Sheet Data (at end of period):</b>					
Total assets from continuing operations	14,114	13,685	12,558	12,604	9,963
Total assets from discontinued operations	5	147	234	197	88
	<u>14,119</u>	<u>13,832</u>	<u>12,792</u>	<u>12,801</u>	<u>10,051</u>
Long-term debt (including amounts due in one year)	4,971	4,188	3,656	2,868	2,998
<b>CG&amp;E</b>					
<b>Results of Operations:</b>					
Operating revenues <sup>(2)</sup>	\$ 2,382	\$ 2,137	\$ 2,247	\$ 2,101	\$ 1,914
Income before cumulative effect of changes in accounting principles	300	264	327	267	234
Cumulative effect of changes in accounting principles, net of tax <sup>(5)</sup>	31	-	-	-	-
Net income	331	264	327	267	234
<b>Balance Sheet Data (at end of period):</b>					
Total assets	5,809	5,751	5,559	6,182	5,099
Long-term debt (including amounts due in one year)	1,569	1,690	1,205	1,206	1,206

	2003	2002	2001	2000	1999
	<i>(in millions, except per share amounts)</i>				
<b>PSI</b>					
<b>Results of Operations:</b>					
Operating revenues <sup>(2)</sup>	\$ 1,603	\$ 1,611	\$ 1,574	\$ 1,512	\$ 1,449
Income before cumulative effect of a change in accounting principle	134	214	162	135	117
Cumulative effect of a change in accounting principle, net of tax <sup>(6)</sup>	(1)	-	-	-	-
Net income	133	214	162	135	117
<b>Balance Sheet Data (at end of period):</b>					
Total assets	5,140	4,539	4,864	4,906	4,087
Long-term debt (including amounts due in one year)	1,720	1,372	1,348	1,113	1,243

- (1) The results of Cinergy also include amounts related to non-registrants.
- (2) Emerging Issues Task Force Issue 02-3, *Accounting for Contracts Involved in Energy Trading and Risk Management Activities* required that all gains and losses on energy trading derivatives be presented on a net basis beginning January 1, 2003. All periods presented have been reclassified for this change in accounting principle. This resulted in substantial reductions in reported *Operating Revenues, Fuel and purchased and exchanged power expense, and Gas purchased expense*. However, *Operating Income and Net Income* were not affected by this change. For further information see Note 1(q)(i) of the "Notes to Financial Statements" in "Item 8. Financial Statements and Supplementary Data".
- (3) See Note 14 of the "Notes to Financial Statements" in "Item 8. Financial Statements and Supplementary Data" for further explanation.
- (4) In 2003, Cinergy recognized a gain/(loss) on cumulative effect of changes in accounting principles of \$39 million (net of tax) and \$(13) million (net of tax) as a result of the reversal of accrued cost of removal for non-regulated generating assets and the change in accounting of certain energy related contracts from fair value to accrual. In 2002, Cinergy recognized a cumulative effect of a change in accounting principle of \$(11) million (net of tax) as a result of an impairment charge for goodwill related to certain of our international assets.
- (5) In 2003, CG&E recognized a gain/(loss) on cumulative effect of changes in accounting principles of \$39 million (net of tax) and \$(8) million (net of tax) as a result of the reversal of accrued cost of removal for non-regulated generating assets and the change in accounting of certain energy related contracts from fair value to accrual.
- (6) In 2003, PSI recognized a loss on cumulative effect of a change in accounting principle of \$(1) million (net of tax) as a result of a change in accounting of certain energy related contracts from fair value to accrual.

## CINERGY CORP. CONSOLIDATED BALANCE SHEETS

### ASSETS

	December 31	
	2003	2002
	<i>(dollars in thousands)</i>	
<b>Current Assets</b>		
Cash and cash equivalents	\$ 169,120	\$ 200,112
Restricted deposits (Note 6)	92,813	3,092
Notes receivable, current (Note 5)	189,854	135,873
Accounts receivable less accumulated provision for doubtful accounts of \$7,884 at December 31, 2003, and \$16,368 at December 31, 2002 (Note 3(c))	1,074,518	1,280,810
Materials, supplies, and fuel (Note 1(g))	321,658	319,454
Energy risk management current assets (Note 1(k)(i))	305,058	464,028
Prepayments and other	89,576	107,086
<b>Total Current Assets</b>	<b>2,242,597</b>	<b>2,510,455</b>
<hr/>		
<b>Property, Plant, and Equipment - at Cost</b>		
Utility plant in service (Note 19)	9,732,123	8,669,045
Construction work in progress	275,459	469,300
<b>Total Utility Plant</b>	<b>10,007,582</b>	<b>9,138,345</b>
Non-regulated property, plant, and equipment (Note 19)	4,527,943	4,667,940
Accumulated depreciation (Note 1(q)(iii))	4,908,019	4,639,713
<b>Net Property, Plant, and Equipment</b>	<b>9,627,506</b>	<b>9,166,572</b>
<hr/>		
<b>Other Assets</b>		
Regulatory assets (Note 1(c))	1,012,151	1,022,696
Investments in unconsolidated subsidiaries	494,520	417,188
Energy risk management non-current assets (Note 1(k)(i))	97,334	162,773
Notes receivable, non-current (Note 5)	213,853	-
Other investments	184,044	163,851
Goodwill	43,717	43,717
Other intangible assets	1,632	2,059
Other	197,351	195,867
<b>Total Other Assets</b>	<b>2,244,602</b>	<b>2,008,151</b>
<hr/>		
Assets of Discontinued Operations (Note 14)	4,501	147,265
<b>Total Assets</b>	<b>\$ 14,119,206</b>	<b>\$ 13,832,443</b>

The accompanying notes as they relate to Cinergy Corp. are an integral part of these consolidated financial statements.

## CINERGY CORP. CONSOLIDATED BALANCE SHEETS

### LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31	
	2003	2002
	<i>(dollars in thousands)</i>	
<b>Current Liabilities</b>		
Accounts payable	\$ 1,240,423	\$ 1,318,379
Accrued taxes	217,993	258,613
Accrued interest	68,952	62,244
Notes payable and other short-term obligations (Note 6)	351,412	667,973
Long-term debt due within one year	839,103	176,000
Energy risk management current liabilities (Note 1(k)(i))	296,122	407,710
Other	107,438	105,026
<b>Total Current Liabilities</b>	<b>3,121,443</b>	<b>2,995,945</b>
<b>Non-Current Liabilities</b>		
Long-term debt (Note 4)	4,131,909	4,011,568
Deferred income taxes (Note 10)	1,557,981	1,458,171
Unamortized investment tax credits	108,884	118,095
Accrued pension and other postretirement benefit costs (Note 9)	662,834	626,167
Accrued cost of removal (Note 1(c))	490,856	525,415
Energy risk management non-current liabilities (Note 1(k)(i))	64,861	143,991
Other	205,344	179,767
<b>Total Non-Current Liabilities</b>	<b>7,222,669</b>	<b>7,063,174</b>
<b>Liabilities of Discontinued Operations (Note 14)</b>	<b>11,594</b>	<b>108,833</b>
<b>Commitments and Contingencies (Note 11)</b>		
<b>Total Liabilities</b>	<b>10,355,706</b>	<b>10,167,952</b>
<b>Preferred Trust Securities (Note 3(b))</b>		
Company obligated, mandatorily redeemable, preferred trust securities of subsidiary, holding solely debt securities of the company	-	308,187
<b>Cumulative Preferred Stock of Subsidiaries</b>		
Not subject to mandatory redemption	<b>62,818</b>	<b>62,828</b>
<b>Common Stock Equity (Note 2)</b>		
Common Stock - \$.01 par value; authorized shares - 600,000,000; issued shares - 178,438,369 at December 31, 2003, and 168,663,115 at December 31, 2002; outstanding shares - 178,336,854 at December 31, 2003, and 168,663,115 at December 31, 2002	1,784	1,687
Paid-in capital	2,195,985	1,918,136
Retained earnings	1,551,003	1,403,453
Treasury shares at cost - 101,515 shares at December 31, 2003	(3,255)	-
Accumulated other comprehensive income (loss) (Note 18)	(44,835)	(29,800)
<b>Total Common Stock Equity</b>	<b>3,700,682</b>	<b>3,293,476</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 14,119,206</b>	<b>\$ 13,832,443</b>

The accompanying notes as they relate to Cinergy Corp. are an integral part of these consolidated financial statements.

## Notes to Financial Statements

### Summary of Significant Accounting Policies

#### ***Regulation***

Our operating companies and certain of our non-utility subsidiaries must comply with the rules prescribed by the SEC under the PUHCA. Our operating companies must also comply with the rules prescribed by the Federal Energy Regulatory Commission (FERC) and the applicable state utility commissions of Ohio, Indiana, and Kentucky.

Our operating companies use the same accounting policies and practices for financial reporting purposes as non-regulated companies under GAAP. However, sometimes actions by the FERC and the state utility commissions result in accounting treatment different from that used by non-regulated companies. When this occurs, we apply the provisions of Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 71, *Accounting for the Effects of Certain Types of Regulation* (Statement 71). In accordance with Statement 71, we record regulatory assets and liabilities (expenses deferred for future recovery from customers or amounts provided in current rates to cover costs to be incurred in the future, respectively) on our Balance Sheets.

Comprehensive electric deregulation legislation was passed in Ohio in July 1999. As required by the legislation, CG&E filed its Proposed Transition Plan for approval by the PUCO in December 1999. In August 2000, the PUCO approved a stipulation agreement relating to CG&E's transition plan. This plan created a Regulatory Transition Charge (RTC) designed to recover CG&E's generation-related regulatory assets and transition costs over a ten-year period which began January 1, 2001. Accordingly, Statement 71 was discontinued for the generation portion of CG&E's business and Statement of Financial Accounting Standards No. 101, *Regulated Enterprises - Accounting for the Discontinuation of Application of FASB Statement No. 71* was applied. The effect of this change on the financial statements was immaterial. Except with respect to the generation-related assets and liabilities of CG&E, as of December 31, 2003, PSI, CG&E, and ULH&P continue to meet the criteria of Statement 71. However, to the extent other states implement deregulation legislation, the application of Statement 71 will need to be reviewed. Based on our operating companies' current regulatory orders and the regulatory environment in which they currently operate, the recovery of regulatory assets recognized in the accompanying Balance Sheets as of December 31, 2003, is probable. For a further discussion of Ohio deregulation see Note 17. For a further discussion on PSI's pending retail rate case see Note 11(b)(i).

Our regulatory assets, liabilities, and amounts authorized for recovery through regulatory orders at December 31, 2003, and 2002, are as follows:

	2003			2002		
	CG&E <sup>(1)</sup>	PSI	Cinergy	CG&E <sup>(1)</sup>	PSI	Cinergy
	(in millions)					
<b>Regulatory assets</b>						
Amounts due from customers - income taxes <sup>(2)</sup>	\$ 53	\$ 22	\$ 75	\$ 53	\$ 25	\$ 78
Gasification services agreement buyout costs <sup>(3) (6)</sup>	-	235	235	-	240	240
Post-in-service carrying costs and deferred operating expenses <sup>(6) (7)</sup>	2	70	72	1	42	43
Coal contract buyout costs	-	-	-	-	10	10
Deferred merger costs	1	46	47	1	51	52
Unamortized costs of reacquiring debt	17	28	45	9	30	39
Coal gasification services expenses <sup>(6)</sup>	-	1	1	-	4	4
RTC recoverable assets <sup>(4) (6)</sup>	517	-	517	537	-	537
Other	5	15	20	4	16	20
<b>Total Regulatory assets</b>	<b>\$ 595</b>	<b>\$ 417</b>	<b>\$ 1,012</b>	<b>\$ 605</b>	<b>\$ 418</b>	<b>\$ 1,023</b>
<b>Total Regulatory assets authorized for recovery<sup>(5)</sup></b>	<b>\$ 587</b>	<b>\$ 317</b>	<b>\$ 905</b>	<b>\$ 598</b>	<b>\$ 360</b>	<b>\$ 958</b>
<b>Regulatory liabilities</b>						
Accrued cost of removal <sup>(8)</sup>	\$ (155)	\$ (336)	\$ (491)	\$ -	\$ -	\$ -

- <sup>(1)</sup> Includes \$13 million at December 31, 2003, and \$5 million at December 31, 2002, related to ULH&P's regulatory assets. Of these amounts, \$11.7 million at December 31, 2003, and \$3.6 million at December 31, 2002, have been authorized for recovery. Includes \$(27) million of regulatory liabilities at December 31, 2003 related to ULH&P.
- <sup>(2)</sup> The various regulatory commissions overseeing the regulated business operations of our operating companies regulate income tax provisions reflected in customer rates. In accordance with the provisions of Statement 71, we have recorded net regulatory assets for CG&E, PSI, and ULH&P.
- <sup>(3)</sup> PSI reached an agreement with Dynege, Inc. to purchase the remainder of its 25-year contract for coal gasification services. In accordance with an order from the Indiana Utility Regulatory Commission (IURC), PSI began recovering this asset over an 18-year period that commenced upon the termination of the gas services agreement in 2000.
- <sup>(4)</sup> In August 2000, CG&E's deregulation transition plan was approved. Effective January 1, 2001, a RTC went into effect and provides for recovery of all then existing generation-related regulatory assets and various transition costs over a ten-year period. Because a separate charge provides for recovery, these assets were aggregated and are included as a single amount in this presentation. The classification of all transmission and distribution related regulatory assets has remained the same.
- <sup>(5)</sup> At December 31, 2003, these amounts were being recovered through rates charged to customers over a period ranging from 1 to 49 years for CG&E, 1 to 30 years for PSI, and 1 to 17 years for ULH&P.
- <sup>(6)</sup> Regulatory assets earning a return at December 31, 2003.
- <sup>(7)</sup> For PSI amount includes \$30 million that is not yet authorized for recovery and currently is not earning a return at December 31, 2003. See Note 11(b)(i) for information on the PSI retail electric rate case.
- <sup>(8)</sup> Represents amounts received for anticipated future removal and dismantling costs of regulated property, plant, and equipment. This amount was reclassified out of accumulated depreciation into *Accrued cost of removal* upon adoption of Statement of Financial Accounting Standards No. 143, *Accounting for Asset Retirement Obligations* (Statement 143). *Accrued cost of removal* for 2002 and prior years contains similar amounts. However, since accruing cost of removal was an acceptable practice under GAAP until the adoption of Statement 143, these accruals did not represent regulatory liabilities until our adoption of Statement 143 on January 1, 2003. See Note (g)(iii) below for further discussion of Statement 143.

## ***Accounting Changes***

### ***(i) Asset Retirement Obligations***

In July 2001, the FASB issued Statement 143, which requires fair value recognition beginning January 1, 2003, of legal obligations associated with the retirement or removal of long-lived assets at the time the obligations are incurred. Our accounting policy for such legal obligations is described in (j) above.

We adopted Statement 143 on January 1, 2003, and **Cinergy** and **CG&E** both recognized a gain of \$39 million (net of tax) for the cumulative effect of this change in accounting principle. Substantially all of this adjustment reflects the reversal of previously accrued cost of removal for **CG&E's** generating assets, which do not apply the provisions of Statement 71. Accrued cost of removal~~Accumulated depreciation~~ at adoption included \$316 million, \$25 million, and \$146 million of accumulated cost of removal related to **PSI's**, **ULH&P's**, and **CG&E's** utility plant in service assets, respectively, which represent regulatory liabilities after adoption and were not included as part of the cumulative effect adjustment. ~~In conjunction with the adoption of Statement 143, these amounts were reclassified to *Regulatory liabilities*. Prior period financial statements were not permitted to be restated for this change. The increases in assets and liabilities from adopting Statement 143 were not material to our financial position.~~

Pro-forma results as if Statement 143 was applied retroactively for the years ended December 31, 2002 and 2001, are not materially different from reported results.

**Laub, Peggy**

**From:** Lawler, Sarah  
**Sent:** Monday, February 23, 2004 5:27 PM  
**To:** Howe, Lee; Pate, Gwen  
**Subject:** FW: Final SEC guidance on ARO classification

fyi

-----Original Message-----

**From:** Bitter, Robert (US - Cincinnati) [mailto:rbitter@deloitte.com]  
**Sent:** Monday, February 23, 2004 5:20 PM  
**To:** Ritchie, Brett; Good, Lynn  
**Cc:** Lawler, Sarah; Chong, Amy; Karageorges, Carolyn - smtp; Black, John (US - Atlanta)  
**Subject:** FW: Final SEC guidance on ARO classification

-----Original Message-----

**From:** Umbaugh, Jan (US - Raleigh)  
**Sent:** Monday, February 23, 2004 5:14 PM

**To:** US National Energy Managers and Seniors; David Stringfellow (dstringfellow@eei.org); \*PGN Bazemore, Bob (Business Fax); Zaegel, Robert (US - McLean); Adams, Craig (US - Orlando); Adams, James (US - San Francisco); Aliff, Gregory (US - McLean); Aughton, Jeffery (US - Detroit); Baldwin, Larry (US - Houston); Barton, Trevor (US - Omaha); Battey, William H. (US - Charlotte); Bell, Dave (US - Atlanta); Benesh, Kay (US - Detroit); Bitter, Robert (US - Cincinnati); Bitton, Val (US - Chicago); Black, John (US - Atlanta); Boroch, Kevin (US - Pittsburgh); Bub, Scott (US - Houston); Carmazzi, Christine (US - Columbus); Carpenter, Jim C (US - Louisville); Caspersen, Robyn (US - Seattle); Condon, Patrick J (US - Chicago); Curran, John E (US - Hartford); D'Andrea, Chip (US - Houston); Dolan, Kevin P (US - Atlanta); Dowds, Joseph (US - San Diego); Durand, Daniel T. (US - Houston); Edmunds, Mark (US - San Francisco); Eichelberger, Tom (US - Atlanta); England, John (US - Houston); Enoch, Jason (US - Charlotte); Fike, Andrew (US - Houston); Foote, William G (US - New York); Fredericks, William (US - Parsippany); Giannuzzi, John L (US - Charlotte); Gibbs, Brian (US - Atlanta); Gillam, Tim (US - Raleigh); Golden, Tracey (US - Wilton); Gordon III, Bob P. (US - Chicago); Gorin, David (US - New York); Graf, William P. (US - Chicago); Hahn, Charles (US - Phoenix); Hahne, Robert (US - McLean); Hall, Robert S (US - McLean); Harrington, Dennis (US - New York); Harrison, Jay Q (HK - Hong Kong); Harwood, Steve (US - Los Angeles); Henderson, Marjorie (US - Hartford); Heys, Ed (US - Atlanta); Higgins, Karen (CA - Toronto); Hoffman, Cliff (US - Minneapolis); Hoover, Tom (US - Seattle); Horak, Paul (US - Houston); Horner, Dennis (US - Dallas); Huggens, Dan (US - Houston); Hutchinson, Michael (US - Denver); Ihlan, Thomas (US - Portland); Johnston, Randy (US - McLean); Jones, Daniel (US - Houston); Jones, Jeff (US - San Francisco); Jones, Larry (US - Houston); Keefe, Tom (US - New Orleans); Kilkenny, Thomas (US - Milwaukee); Kirkland, Jeff (US - Charlotte); Kurek, Gerard (US - McLean); Larkworthy, Richard (US - McLean); Layton, Mark (US - Dallas); Lombom, Alan (US - Atlanta); Louw, Adrian (US - Stamford); Malloy, Michael (US - New York); Mathews, Dwight (US - Atlanta); Maxant, Robert (US - New York); Maynard, Paul A. (US - Minneapolis); McCormack, Debbie (US - McLean); McKnight, Benjamin A (US - Chicago); Milbury, Tom (US - Boston); Monroe, Kevin (US - McLean); Montag, Jeffrey (US - Houston); Montag, Kim (US - Houston); Moseley, Fred (US - Chicago); Muha, Charles (US - Dallas); Newton, Todd (US - Minneapolis); Nicholson, Chris (US - McLean); Odom, Dan (US - Dallas); Olsen, Clifford (US - Columbus); Ormberg, Thomas (US - Parsippany); Parkin, James (US - Seattle); Phillips, Henry (US - Wilton); Pimentel, Armando (US - West Palm Beach); Poche, Tim (US - Houston); Polacek, Steven L. (US - Minneapolis); Poroch, David (US - Atlanta); Prunty, Patrick (US - Minneapolis); Radlick, Patricia (US - Indianapolis); Ray, Gail (US - West Palm Beach); Rayson, Rick W. (US - Phoenix); Reisner, Troy (US - Denver); Rich, Tom (US - Salt Lake City); Riggs, Don (US - Portland); Robinson, Jack (US - Charlotte); Roff, Don (US - Dallas); Roger, Nick (US - Parsippany); Rosenberg, Lawrence (US - New York); Rosenbloom, Richard (US - San Francisco); Rouch, James (US - Omaha); Roush, Gary (US - San Antonio); Seelagy, Greg (US - San Francisco); Shehorn, John (US - Indianapolis); Shepherd, Donald (US - New Orleans); Slyh, John (US - Boston); Smith, Scott (US - San Francisco); Stenvick, Tim (US - Sacramento); Stephens, Sondria (US - Los Angeles); Stevens, Mark (US - Salt Lake City); Stokx, Randy (US - Dallas); Storer, Glen (US - Boise); Strange, William (US - Houston); Suddeth, Nate (US - St. Louis); Sullivan, Gary (US - Columbus); Sullivan, John B. (US - Houston); Tanguay, Tom (US - Atlanta); Terhark, Chris (US - Des Moines); Theuer, Stephen (US - Richmond); Thompson, Stephen (US - Los Angeles); Tish, Laurie (US - Seattle); Travers, George (US - New York); Uffelman, Bernard (US - Austin); Umbaugh, Jan (US - Raleigh); Vichot, Julie (US - Omaha); Viehman, J. David (US - Philadelphia); Wilson, Todd (US - Chicago); Wiltsie, Karen (US - Detroit); Wisniewski, Carisa (US - San Diego); Yankee, David J. (US - Chicago); Richard Matheny - Phelps Dunbar; Casey Herman - PWC (Chicago); John Lathrop - KPMG (Kansas City); Mike Barrett - E&Y; Paul Keglevic - PWC

**Cc:** Jim Allegretto (allegrettoj@sec.gov); Jim Bass (jim.bass@pgnmail.com); Mikki Leach (mikki.leach@pgnmail.com); Tom Davenport (thomas.davenport@pgnmail.com); Andy Krebs (andy.krebs@pgnmail.com); Sandy Wyckoff (sandy.wyckoff@pgnmail.com); Schnurr, James (US - Wilton); \*dford@wpsr.com; Hicks, Brad (US - Raleigh)

**Subject:** Final SEC guidance on ARO classification



We have just completed a call with the SEC Staff (Jack Albert, Joel Levine, and Jim Allegretto) concerning the reporting of cost of removal and asset retirement obligations. What they agreed to is the following:

**All 2002 accruals for cost of removal, nuclear decommissioning, and similar pre-143 accruals should be reclassified from accumulated depreciation to a GAAP liability line item(s) (Pre-143 ARO's). Some companies had previously classified nuclear decommissioning and some other portions of these amounts as GAAP liabilities separate from accumulated depreciation. This addresses the SEC Staff's concerns about comparability and previous classification concerns as to whether any of the previous accruals were appropriately included in accumulated depreciation for GAAP reporting purposes or should have been recorded on the liability side of the balance sheet in 2002 (and prior) financial statements. The 2002 reclassification would be made with out recharacterizing the 2002 amounts as regulatory liabilities. As a result, those companies that have previously discontinued FAS 71 and did not reclassify or remove those items from their balance sheets, would not now change their accounting for discontinuing FASB 71 .**

Upon application of FAS 143, all of those previously accrued GAAP liability amounts would have been written off in accordance with FAS 143 paragraph 26. The cumulative effect of adopting FAS 143 would be "the difference between the amounts, if any, recognized in the statement of financial position prior to the application of this Statement" and new ARO liabilities recorded in accordance with FAS 143. Any amounts that would otherwise have been recorded as part of this cumulative effect difference but that were still subject to regulatory treatment would be recorded as separate regulatory liabilities in the 2003 balance sheet. In summary, the application of FAS 143 would have resulted in the recording of new FAS 143 ARO's and new FAS 143 Asset Retirement Costs with the difference between those amounts and the write off of any previously recorded amounts reflected in income as the cumulative effect of the application of FAS 143 unless the provisions of FAS 71 were met in order to record all or a portion of that cumulative effect as a regulatory asset or liability. This is consistent with our previous views with respect to 2003, except that the non-legal costs of removal, which are regulatory liabilities, must be recorded as a regulatory liability outside of accumulated depreciation.

For those companies that have already filed 2003 reports and did not reclassify 2002 and 2003 amounts in the manner described above, the SEC Staff indicated that those companies should file an Item 5 Form 8-K to reflect the reclassifications rather than amend their Form 10-K; they should not wait to describe the change in their next subsequent Form 10-Q or other regular filing. The SEC Staff also indicated that all historical data presented (e.g., total assets or net plant in service) should also be revised to reflect the reclassification of all prior cost of removal and similar accruals out of accumulated depreciation for all periods. We indicated that we would communicate this conversation to each of the large accounting firms and to the Edison Electric Institute. The SEC staff does not expect to issue any further guidance on this matter.

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**Laub, Peggy**

**From:** Ritchie, Brett  
**Sent:** Monday, February 23, 2004 12:01 PM  
**To:** Howe, Lee; Lawler, Sarah  
**Subject:** FW: SEC comments on ARO

The ongoing saga of cost of removal classification has a new twist. We may now need to reclass 2002 as well, but not to regulatory liabilities. Lee, do we have 2002 amounts by registrant at the ready (including CG&E)?

-----Original Message-----

**From:** Black, John (US - Atlanta) [mailto:johblack@deloitte.com]  
**Sent:** Monday, February 23, 2004 11:40 AM  
**To:** Good, Lynn; Ritchie, Brett  
**Subject:** FW: SEC comments on ARO

FYI --looks like we will have to reclassify 2002.

-----Original Message-----

**From:** Umbaugh, Jan (US - Raleigh)  
**Sent:** Monday, February 23, 2004 11:32 AM

**To:** US National Energy Managers and Seniors; Zaegel, Robert (US - McLean); Adams, Craig (US - Orlando); Adams, James (US - San Francisco); Aliff, Gregory (US - McLean); Aughton, Jeffery (US - Detroit); Baldwin, Larry (US - Houston); Barton, Trevor (US - Omaha); Battey, William H. (US - Charlotte); Bell, Dave (US - Atlanta); Benesh, Kay (US - Detroit); Bitter, Robert (US - Cincinnati); Bitton, Val (US - Chicago); Black, John (US - Atlanta); Boroch, Kevin (US - Pittsburgh); Bub, Scott (US - Houston); Carmazzi, Christine (US - Columbus); Carpenter, Jim C (US - Louisville); Caspersen, Robyn (US - Seattle); Condon, Patrick J (US - Chicago); Curran, John E (US - Hartford); D'Andrea, Chip (US - Houston); Dolan, Kevin P (US - Atlanta); Dowds, Joseph (US - San Diego); Durand, Daniel T. (US - Houston); Edmunds, Mark (US - San Francisco); Eichelberger, Tom (US - Atlanta); England, John (US - Houston); Enoch, Jason (US - Charlotte); Fike, Andrew (US - Houston); Foote, William G (US - New York); Fredericks, William (US - Parsippany); Giannuzzi, John L (US - Charlotte); Gibbs, Brian (US - Atlanta); Gillam, Tim (US - Raleigh); Golden, Tracey (US - Wilton); Gordon III, Bob P. (US - Chicago); Gorin, David (US - New York); Graf, William P. (US - Chicago); Hahn, Charles (US - Phoenix); Hahne, Robert (US - McLean); Hall, Robert S (US - McLean); Harrington, Dennis (US - New York); Harrison, Jay Q (HK - Hong Kong); Harwood, Steve (US - Los Angeles); Henderson, Marjorie (US - Hartford); Heys, Ed (US - Atlanta); Higgins, Karen (CA - Toronto); Hoffman, Cliff (US - Minneapolis); Hoover, Tom (US - Seattle); Horak, Paul (US - Houston); Homer, Dennis (US - Dallas); Hudgens, Dan (US - Houston); Hutchinson, Michael (US - Denver); Ihlan, Thomas (US - Portland); Johnston, Randy (US - McLean); Jones, Daniel (US - Houston); Jones, Jeff (US - San Francisco); Jones, Larry (US - Houston); Keefe, Tom (US - New Orleans); Kilkenny, Thomas (US - Milwaukee); Kirkland, Jeff (US - Charlotte); Kurek, Gerard (US - McLean); Larkworthy, Richard (US - McLean); Layton, Mark (US - Dallas); Lonbom, Alan (US - Atlanta); Louw, Adrian (US - Stamford); Malloy, Michael (US - New York); Mathews, Dwight (US - Atlanta); Maxant, Robert (US - New York); Maynard, Paul A. (US - Minneapolis); McCormack, Debbie (US - McLean); McKnight, Benjamin A (US - Chicago); Milbury, Tom (US - Boston); Monroe, Kevin (US - McLean); Montag, Jeffrey (US - Houston); Montag, Kim (US - Houston); Moseley, Fred (US - Chicago); Muha, Charles (US - Dallas); Newton, Todd (US - Minneapolis); Nicholson, Chris (US - McLean); Odom, Dan (US - Dallas); Olsen, Clifford (US - Columbus); Omberg, Thomas (US - Parsippany); Parkin, James (US - Seattle); Phillips, Henry (US - Wilton); Pimentel, Armando (US - West Palm Beach); Poche, Tim (US - Houston); Polacek, Steven L. (US - Minneapolis); Poroch, David (US - Atlanta); Prunty, Patrick (US - Minneapolis); Radlick, Patricia (US - Indianapolis); Ray, Gail (US - West Palm Beach); Rayson, Rick W. (US - Phoenix); Reisner, Troy (US - Denver); Rich, Tom (US - Salt Lake City); Riggs, Don (US - Portland); Robinson, Jack (US - Charlotte); Roff, Don (US - Dallas); Roger, Nick (US - Parsippany); Rosenberg, Lawrence (US - New York); Rosenbloom, Richard (US - San Francisco); Rouch, James (US - Omaha); Rouch, Gary (US - San Antonio); Seelagy, Greg (US - San Francisco); Shehorn, John (US - Indianapolis); Shepherd, Donald (US - New Orleans); Slyh, John (US - Boston); Smith, Scott (US - San Francisco); Stenvick, Tim (US - Sacramento); Stephens, Sondria (US - Los Angeles); Stevens, Mark (US - Salt Lake City); Stokx, Randy (US - Dallas); Storer, Glen (US - Boise); Strange, William (US - Houston); Suddeth, Nate (US - St. Louis); Sullivan, Gary (US - Columbus); Sullivan, John B. (US - Houston); Tanguay, Tom (US - Atlanta); Terhark, Chris (US - Des Moines); Theuer, Stephen (US - Richmond); Thompson, Stephen (US - Los Angeles); Tish, Laurie (US - Seattle); Travers, George (US - New York); Uffelman, Bernard (US - Austin); Umbaugh, Jan (US - Raleigh); Vichot, Julie (US - Omaha); Viehman, J. David (US - Philadelphia); Wilson, Todd (US - Chicago); Wiltsie, Karen (US - Detroit); Wisniewski, Carisa (US - San Diego); Yankee, David J. (US - Chicago)

**Cc:** Jim Bass (jim.bass@pgnmail.com); Bob Bazemore (bob.bazemore@pgnmail.com); Mikki Leach (mikki.leach@pgnmail.com); Tom Davenport (thomas.davenport@pgnmail.com); Andy Krebs (andy.krebs@pgnmail.com); Sandy Wyckoff (sandy.wyckoff@pgnmail.com); Sandy Wyckoff (sandy.wyckoff@pgnmail.com); Hicks, Brad (US - Raleigh)

**Subject:** SEC comments on ARO

Since I know many of you are setting at the printer or ready to file 10-Ks, the following is the current status of this issue:

We have not had any further response from the SEC staff since the messages sent out last Friday. We are going to attempt to contact the SEC staff today to discuss the following alternative that we believe might be acceptable to them and resolve most of our concerns with their proposal to restate 2002 amounts to regulatory liabilities. This information is being provided so that clients can begin to calculate the information that would be required to comply with this approach if it is deemed acceptable to the SEC staff. **I would emphasize that we have not been able to discuss this proposal with the SEC staff yet so we are not certain it is acceptable to them, but we believe it may be for those that have to file before we can get their input. As a result we strongly encourage companies that have not filed 2003 10-K's to wait to file those reports until we get further guidance from the SEC staff.**

We believe the best alternative would be to reclassify all 2002 accruals for cost of removal, nuclear decommissioning, and similar pre-143 accruals from accumulated depreciation to a GAAP liability (Pre-143 ARO's). Some companies had previously classified nuclear decommissioning and some other portions of these amounts as GAAP liabilities separate from accumulated depreciation. This would seem to address the SEC's comparability and previous classification concerns as all the prior accruals would be on the liability side of the balance sheet in 2002 financial statements.

At the same time, this would address our concerns that there was no difference in the prior accruals between those that were FAS 143 legal obligations and those that were not, would avoid the problem of having to characterize 2002 amounts as regulatory liabilities when they were not. The 2002 reclassification could be made with recharacterizing the 2002 amounts as regulatory liabilities, and would avoid the problem of those companies that had discontinued FAS 71 in an earlier period being faced with restatements because they did not write off this regulatory liability upon applying FAS 101 (because they did not believe it was a regulatory liability. Then upon application of FAS 143 all of those previously accrued GAAP liability amounts would have been written off in accordance with FAS 143 paragraph 26. (The cumulative effect of adopting FAS 143 would be "the difference between the amounts, if any, recognized in the statement of financial position prior to the application of this Statement" and new ARO liabilities recorded in accordance with FAS 143). The application of FAS 143 would have resulted in the recording of new FAS 143 ARO's and new FAS 143 Asset Retirement Costs with the difference reflected in income as the cumulative effect of the application of FAS 143 unless the provisions of FAS 71 were met in order to record all or a portion of that cumulative effect as a regulatory asset or liability.

We still need to figure out with the SEC what to do with those companies that have already filed 2003 reports and did not reclassify any period (based on previous guidance and the lack of any specific guidance from the SEC to the contrary), only reclassified 2003 (based on the earlier SEC comment letters) and those that reclassified only the non-legal portion of previously accrued amounts in 2002 rather than the total amount (based on a quick interpretation of SEC's guidance from last Friday). Until we get further guidance from the SEC, we do not believe those companies should attempt to refile any financial statements as they run the risk of guessing wrong as to what the SEC response will be.

Jan A. Umbaugh  
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**Laub, Peggy**

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**From:** Ritchie, Brett  
**Sent:** Friday, February 20, 2004 1:08 PM  
**To:** Barnhart, Christa; Laub, Peggy; Dean, James; Pate, Gwen; Howe, Lee  
**Subject:** FW: Non-Legal Cost of Removal - SEC Update

fyi

-----Original Message-----

**From:** Umbaugh, Jan (US - Raleigh)  
**Sent:** Friday, February 20, 2004 12:16 PM  
**Subject:**

We just heard back from the SEC and they are standing firm in their requirement that non-legal cost of removal amounts in accumulated depreciation that have been retained as regulatory liabilities must be reclassified out of accumulated depreciation to a separate regulatory liability account. They indicated that if amounts are not reclassified in 2003 financial statements they will require restatement. We understand they have called PWC and a representative of EEI today, but are not sure at this point what additional communications they plan to make, if any.

Jan A. Umbaugh  
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**Laub, Peggy**

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**From:** Barnhart, Christa  
**Sent:** Monday, February 16, 2004 1:34 PM  
**To:** Laub, Peggy  
**Subject:** FW: Account 182303 Mapping

FYI. If you recall, PSI's 182303 account was originally mapped to accumulated depreciation, was then mapped at your request to a regulatory asset account, and was then mapped to a regulatory liability account. The reason that we do not want to reflect this account as a regulatory asset is pursuant to guidance received from D&T. There has been some scrutiny over the past 6-8 months of items classified as regulatory assets that a company does not have approval or historical precedent to recover. As such, D&T was not comfortable with us presenting this account as a regulatory asset, given that we have not asked for specific approval to recover these amounts.

Let me know if you have any questions.

-----Original Message-----

**From:** Ritchie, Brett  
**Sent:** Monday, February 16, 2004 1:20 PM  
**To:** Melendez, Brenda; Barnhart, Christa; Lawler, Sarah; Glenn, Erica; Ross, Benita; Pate, Gwen  
**Subject:** RE: Account 182303 Mapping

yes, map this to accumulated depreciation.

-----Original Message-----

**From:** Melendez, Brenda  
**Sent:** Monday, February 16, 2004 10:17 AM  
**To:** Ritchie, Brett; Barnhart, Christa; Lawler, Sarah; Glenn, Erica; Ross, Benita; Pate, Gwen  
**Subject:** Account 182303 Mapping

<< Message: FW: account mapping >> << Message: RE: Mapping of Account 182303 in LER >>

It's my understanding that there's a draft being put together in anticipation that D&T is going to provide us guidance that the COR should be in accumulated depreciation. I believe the current plan is that Account 182303 ARO Other Regulatory Asset will be reflected in Accumulated Depreciation as well. Originally, for March 2003 business, Account 182303 was mapped to Accumulated Depreciation. Then we received guidance in April 2003 that it should be a regulatory asset. So we moved it then. That's where it's been mapped until December 2003 when it was mapped to Regulatory Liabilities. Before we move it back to Accumulated Depreciation, I just want to make sure that's where it should go. Thanks.

*Brenda R. Melendez  
Corporate Accounting  
212 Annex  
Phone: 287-1554  
Fax: 287-4141*

**Laub, Peggy**

**From:** Ritchie, Brett  
**Sent:** Thursday, January 08, 2004 7:03 AM  
**To:** Howe, Lee  
**Subject:** FW: SEC Cost of Removal update

FYI

—Original Message—

**From:** Umbaugh, Jan (US - Raleigh)  
**Sent:** Wednesday, January 07, 2004 5:59 PM

**To:** Umbaugh, Jan (US - Raleigh); US National Energy Managers and Seniors; Zaegel, Robert (US - McLean); Adams, Craig (US - Orlando); Adams, James (US - San Francisco); Aliff, Gregory (US - McLean); Aughton, Jeffery (US - Detroit); Baldwin, Larry (US - Houston); Barton, Trevor (US - Omaha); Battey, William H. (US - Charlotte); Bell, Dave (US - Atlanta); Benesh, Kay (US - Detroit); Bitter, Robert (US - Cincinnati); Bitton, Val (US - Chicago); Black, John (US - Atlanta); Borocho, Kevin (US - Pittsburgh); Bub, Scott (US - Houston); Carmazzi, Christine (US - Columbus); Carpenter, Jim C (US - Louisville); Caspersen, Robyn (US - Seattle); Condon, Patrick J (US - Chicago); Curran, John E (US - Hartford); D'Andrea, F. Craig (US - Houston); Dolan, Kevin P (US - Atlanta); Dowds, Joseph (US - San Diego); Durand, Daniel T. (US - Houston); Edmunds, Mark (US - San Francisco); Eichelberger, Tom (US - Atlanta); England, John (US - Houston); Enoch, Jason (US - Charlotte); Fike, Andrew (US - Houston); Foote, William G (US - New York); Fredericks, William (US - Parsippany); Giannuzzi, John L (US - Charlotte); Gibbs, Brian (US - Atlanta); Gillam, Tim (US - Raleigh); Golden, Tracey (US - Wilton); Gorin, David (US - New York); Graf, William P. (US - Chicago); Hahn, Charles (US - Phoenix); Hahne, Robert (US - McLean); Hall, Robert S (US - McLean); Harrington, Dennis (US - New York); Harrison, Jay Q (HK - Hong Kong); Harwood, Steve (US - Los Angeles); Henderson, Marjorie (US - Hartford); Heys, Ed (US - Atlanta); Higgins, Karen (CA - Toronto); Hoffman, Cliff (US - Minneapolis); Hoover, Tom (US - Seattle); Horak, Paul (US - Houston); Horner, Dennis (US - Dallas); Hudgens, Dan (US - Houston); Hutchinson, Michael (US - Denver); Ihlan, Thomas (US - Portland); Johnston, Randy (US - McLean); Jones, Daniel (US - Wilton); Jones, Jeff (US - San Francisco); Jones, Larry (US - Houston); Keefe, Tom (US - New Orleans); Kilkenny, Thomas (US - Milwaukee); Kirkland, Jeff (US - Charlotte); Kurek, Gerard (US - McLean); Larkworthy, Richard (US - McLean); Layton, Mark (US - Dallas); Lonbom, Alan (US - Atlanta); Louw, Adrian (US - Stamford); Malloy, Michael (US - New York); Mathews, Dwight (US - Atlanta); Maxant, Robert (US - New York); Maynard, Paul A. (US - Minneapolis); McCormack, Debbie (US - McLean); McKnight, Benjamin A (US - Chicago); Milbury, Tom (US - Boston); Monroe, Kevin (US - McLean); Montag, Jeffrey (US - Houston); Montag, Kim (US - Houston); Moseley, Fred (US - Chicago); Muha, Charles (US - Dallas); Newton, Todd (US - Minneapolis); Nicholson, Chris (US - Richmond); Odom, Dan (US - Dallas); Olsen, Clifford (US - Columbus); Ormberg, Thomas (US - Parsippany); Parkin, James (US - Seattle); Phillips, Henry (US - Wilton); Pimentel, Armando (US - West Palm Beach); Poche, Tim (US - Houston); Polacek, Steven L. (US - Minneapolis); Poroch, David (US - Atlanta); Prunty, Patrick (US - Minneapolis); Ray, Gail (US - West Palm Beach); Rayson, Rick W. (US - Phoenix); Reisner, Troy (US - Denver); Rich, Tom (US - Salt Lake City); Robinson, Jack (US - Charlotte); Roger, Nick (US - Parsippany); Rosenberg, Lawrence (US - New York); Rosenbloom, Richard (US - San Francisco); Rouch, James (US - Omaha); Roush, Gary (US - San Antonio); Seelagy, Greg (US - San Francisco); Shehom, John (US - Indianapolis); Shepherd, Donald (US - New Orleans); Slyh, John (US - Boston); Smith, Scott (US - San Francisco); Stenvick, Tim (US - Sacramento); Stephens, Sondria (US - Los Angeles); Stevens, Mark (US - Salt Lake City); Stokx, Randy (US - Dallas); Storer, Glen (US - Boise); Strange, William (US - Houston); Suddeth, Nate (US - St. Louis); Sullivan, Gary (US - Columbus); Sullivan, John B. (US - Houston); Tanguay, Tom (US - Atlanta); Theuer, Stephen (US - Richmond); Thompson, Stephen (US - Los Angeles); Tish, Laurie (US - Seattle); Travers, George (US - New York); Uffelman, Bernard (US - Austin); Vichot, Julie (US - Omaha); Viehman, J. David (US - Philadelphia); Wilson, Todd (US - Chicago); Wiltsie, Karen (US - Detroit); Wisniewski, Carisa (US - San Diego)

**Cc:** Roff, Don (US - Dallas); Bob Bazemore (bob.bazemore@pgnmail.com); Tom Davenport (thomas.davenport@pgnmail.com); Sandy Wyckoff (sandy.wyckoff@pgnmail.com)

**Subject:** SEC Cost of Removal update

David Stringfellow of EEI informed me a short while ago that their Accounting Executive Committee has finalized the agenda for the January 27, 2004 meeting with the SEC's Office of Chief Accountant. They have included on the agenda a discussion of the Cost of Removal issue that has been raised in several SEC comment letters in the past few months and will challenge whether non-legal cost of removal must be reclassified to a separate regulatory liability line on the balance sheet after the implementation of FAS 143 or whether disclosure of the amount and location of the regulatory liability is sufficient. There is no assurance that the issue will be resolved at the January 27 meeting or that OCA will agree that the reclassification of the regulatory liability is not required.

Companies should be quantifying their measurement of the regulatory liability currently included in accumulated depreciation and disclosing that amount and the location of the regulatory liability in their footnotes. They should be prepared to reclass only the post-FAS 143 implementation (2003) balance sheet amount to a separate regulatory liability in their 2003 annual reports if the issue is not favorably resolved by OCA before those reports are printed or 10-K's filed. Because accrual of cost of removal was an acceptable GAAP practice prior to the adoption of FAS 143, earlier accumulated balances do not represent regulatory liabilities and should not be reclassified. Reclassification of pre-2003 periods would only be appropriate for companies that early adopted

FAS 143 or elected to apply all the provisions of FAS 143 retroactively to earlier periods.

We are aware of some companies with year ends prior to 12/31 that have made the reclassification and others that have agreed to make the reclassification in their 12/31/03 financial statements if the issue is not resolved prior to the filing of their 10-K or annual report. We are not aware of any 12/31 year end companies that have reclassified the balance in earlier financial statements.

Some companies have indicated a desire to modify the method used to estimate the accumulated cost of removal that they had been using for disclosure purposes if they must actually reclassify the amounts on their balance sheets. While these amounts are often subject to some degree of estimation and estimations should be revised as additional or more reliable information becomes available, companies should be reminded that officer certifications in Form 10-Q's have represented that the amounts previously disclosed were accurate.

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**Laub, Peggy**

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**From:** Ritchie, Brett  
**Sent:** Friday, January 02, 2004 7:28 AM  
**To:** Melendez, Brenda; Dean, James  
**Cc:** Ross, Benita; Henson, Kelly; Byerly, Bryan; Ream, Julie; Roetting, Robert; Moore, Andrea; Weatherston, Danielle; Ryan, Wesley; Balsley, Susan; Dyer, Christina; Pate, Gwen; Lawler, Sarah; Howe, Lee; Hummel, Jim; Yelton, Dave  
**Subject:** RE: Potential Regulatory Liability

We should hold off for now on gathering historical data for restatement. I did a bit more digging and am of the opinion that reclassification of prior period amounts is not required. Similar circumstances existed in moving the Feline Pride securities to debt. Because FIN 46 (as well as FAS 150 had this not been trumped by FIN 46) was adopted using a cumulative effect approach, reclassification/restatement of prior period amounts was not permitted.

Paragraph 26 of FAS 143 calls for adoption via the cumulative effect approach. I have spoken with Bob Bitter at D&T who has tentatively agreed with this conclusion. He plans to vet this a bit more within their firm during the first week in January. This conclusion would mean that even 12/31/02 would not be reclassified; rather, only 12/31/03 would be moved.

Please do not discard any information or work that has been compiled for prior year amounts until we have final concurrence from D&T regarding the conclusion. However, we can take our foot off the gas for the moment on compiling prior amounts.

-----Original Message-----

**From:** Melendez, Brenda  
**Sent:** Monday, December 29, 2003 11:02 AM  
**To:** Dean, James  
**Cc:** Ross, Benita; Henson, Kelly; Byerly, Bryan; Piening, Julie; Roetting, Robert; Moore, Andrea; Weatherston, Danielle; Ryan, Wesley; Balsley, Susan; Dyer, Christina; Pate, Gwen; Lawler, Sarah; Howe, Lee; Ritchie, Brett; Hummel, Jim; Yelton, Dave  
**Subject:** FW: Potential Regulatory Liability

The SEC has indicated that cost of removal (COR) that is embedded in Accumulated Depreciation needs to be reclassified to a regulatory liability. I set up the following accounts and associated activities today. Jim, I did not set up the workcodes. If you need us to do that, please let me know.

254101 Common Reg Liab COR Corps 010, 070 replaces 108101 Common Acc Depr COR  
254201 Gas Reg Liab COR Corps 010, 030, 070 replaces 108201 Gas Acc Depr COR  
254301 Electric Reg Liab COR 010, 070, 100 replaces 108301 Electric Acc Depr COR

As of November 2003, the balance of all the 108101, 108201, and 108301 accounts is a credit of (\$529,805,052.86). Sarah, please note that although for Cinergy Corp. the Reg Assets balance is larger than this new Reg Liab, that doesn't hold true for each individual corp. Lawrenceburg and ULHP have minimal regulatory assets to net this against. The attached FRT shows the November balance for all of these accounts by corp.

<< File: COR Reg Liab Dec03.xls >>

A question that is still outstanding is whether we need to establish a new line for Regulatory Liabilities or whether these are netted with Regulatory Assets. If a new Regulatory Liability line is required, we may have some reclass issues since there are other Regulatory Liabilities (Account 254xxx) netted with Regulatory Assets currently. The largest is the reg liab for FAS109, but, there are also some others. I have attached the most recent reg asset rollforward. We would need to decide what needs to be reclassified.

<< File: Nov03 Reg Asset Rollforward.xls >>

This change also means restatement. Fixed Asset will need to provide us restatement data by company for 2002 and 2001. Please note that in the attached e-mails, there's discussion of what we need to do for 11-yr statistical, segment note, etc. This change will affect several of us; so, I'll try to keep everyone up to date on what's decided for line mapping and reclasses and restatements. This will also affect the reg asset rollforward and cash flow presentation.

<< Message: FW: SEC Cost of Removal update >>

-----Original Message-----

**From:** Howe, Lee  
**Sent:** Friday, December 19, 2003 4:58 PM  
**To:** Dean, James  
**Cc:** Laub, Peggy; Melendez, Brenda; Pate, Gwen  
**Subject:** Potential Regulatory Liability



Jim,

More clarification on the regulatory liability issue. Please work with Brenda regarding getting prepared to record the December 31, 2003 balance for COR to a regulatory liability. You will have to work through the issues associated with GL accounts and Power Plant identification. We will need to be in position to record this information for December's business with the capability of reversing it out if the guidance indicates otherwise. We have set a decision point of January 5 or 6 to go over this item again.

Also, due to the business segment footnote in the 10K we will need to identify this liability to a Business Unit, I am assuming it is all regulated, but would like to know your thoughts on how BUF allocates the assets.

Also, External reporting (Sarah) is checking on the need for the 2001 data for the Business Segment note and the 10 year statistical for the Annual Report to determine if we are going to restate. She will contact you next week regarding her outcome.

Keep me posted.

Thanks!

Lee

**Laub, Peggy**

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**From:** Lawler, Sarah  
**Sent:** Tuesday, December 23, 2003 9:24 AM  
**To:** Ritchie, Brett; Howe, Lee; Dean, James  
**Cc:** Hummel, Jim  
**Subject:** RE: SEC Cost of Removal update

Brett,

I spoke with David. He will talk to a regulatory attorney in house, but doesn't expect they will have an answer. If we need to talk to a bankruptcy expert we will need to talk to outside counsel so we thought we should wait to hear back from you about your conversations with D&T before doing that. David did suggest that if D&T was not in agreement with netting that we could set up a teleconference with the Office of the Chief Accountant ourselves to get the issue resolved. I told him of EEI's efforts there but he thought we might be more successful setting up a one-on-one teleconference with them and thought they would be responsive to us given that we are an individual registrant dealing with an individual filing issue.

I'm just curious. Do we think that the SEC would look more favorably on netting the reg liabilities with the reg assets vs. PP&E? It just seems like we are trading one offset for another. I guess we are saying that FIN 39 provides us with better justification for netting.

One other thing - **if we can't net, we will need to restate total assets for 2001, 2000, 1999 for the Selected Financial Data table in Item 6.** Further, David did seem a little skeptical about footnoting the 11 Year Table. The Annual Report is filed with the SEC and is one of the few documents that is submitted to shareholders. We can discuss this further if needed. One option could be to eliminate this table.

Thanks,

Sarah

-----Original Message-----

**From:** Ritchie, Brett  
**Sent:** Monday, December 22, 2003 10:06 AM  
**To:** Lawler, Sarah; Howe, Lee; Dean, James  
**Cc:** Hummel, Jim  
**Subject:** RE: SEC Cost of Removal update

I left a message for D&T on Friday regarding our initial assertion that we can net regulatory liabilities with regulatory assets pursuant to FIN 39. The only item we may need to follow up on quickly is whether or not there is any issue from a legal perspective with netting reg assets and liabilities together in a bankruptcy. Sarah or Jim, please start a dialog with legal (I would start with David and get him to tell us who we need to talk with - ultimately, seems like we need some bankruptcy expertise and some regulatory expertise on this one). Lee, if you think there is a quicker path to resolving this, pls. let us know.

Ultimately, if we can net reg liabilities with assets, we will not need to reclass anything since the liabilities are smaller than the assets (i.e., they will stay on the left side of the balance sheet, therefore, not impacting total assets. Since we only disclose total segment assets, this would mean no need to quantify 2001 amounts (i.e., I think we can assume they are a similar level or smaller to 2002).

-----Original Message-----

**From:** Lawler, Sarah  
**Sent:** Monday, December 22, 2003 9:30 AM  
**To:** Howe, Lee; Dean, James

**Cc:** Ritchie, Brett; Hummel, Jim  
**Subject:** FW: SEC Cost of Removal update

Lee and Jim,

It appears that we are required to include 3 years of balance sheet data in our Segment Footnote. Accordingly, we will need to quantify the amount of cost of removal that we may need to reclass for 12/31/01 as well.

Thanks,

Sarah

-----Original Message-----

**From:** Glenn, Erica  
**Sent:** Monday, December 22, 2003 9:18 AM  
**To:** Lawler, Sarah  
**Subject:** RE: SEC Cost of Removal update

Sarah,

**Business Segment Data Question:**

As per our discussion, I think we need to show the 3 year asset data in our business segment note. I have attached the relevant guidance below. I also looked at the 2002 10-Ks for Duke, AEP and AES. All three of these peers included 3 years of the asset data in their business segment notes.

Per SFAS 131, para. 25: "25. An enterprise shall disclose the following:

- a. General information as described in paragraph 26
- b. Information about reported segment profit or loss, including certain revenues and expenses included in reported segment profit or loss, segment assets, and the basis of measurement, as described in paragraphs 27-31
- c. Reconciliations of the totals of segment revenues, reported profit or loss, assets, and other significant items to corresponding enterprise amounts as described in paragraph 32
- d. Interim period information as described in paragraph 33."

The periods for which the information is required is clarified by SFAS 135, **Rescission of FASB Statement No. 75 and Technical Corrections:**

"(2) In paragraph 25 (to clarify the requirements for periods for which segment information is required):

- (a) In the first sentence, *for each period for which an income statement is presented* is inserted after *following*.
- (b) The penultimate sentence of that paragraph is replaced with the

following:

However, reconciliations of balance sheet amounts for reportable segments to consolidated balance sheet amounts are required only for each year for which a balance sheet is presented."

**Legal Data:**

Jeremy did not receive anything from David either. He had a good point that David usually sends comments via fax. However, we had nothing on the fax machine either. It looks like Brett is in the office here today (at least for the time being) if we end up wanting to ask him anything regarding the drafts and the timeline.

Thanks,  
Erica

-----Original Message-----

**From:** Lawler, Sarah  
**Sent:** Monday, December 22, 2003 8:17 AM  
**To:** Glenn, Erica  
**Subject:** FW: SEC Cost of Removal update

Erica,

Please see below. Can you check SFAS 131 and verify for me (or ask someone in the team) that we are only required to disclose 2 years of Balance Sheet disclosure? I don't know why we would be required to do otherwise, but lets just verify to be sure.

Thanks,

Sarah

-----Original Message-----

**From:** Ritchie, Brett  
**Sent:** Friday, December 19, 2003 5:13 PM  
**To:** Lawler, Sarah; Hummel, Jim  
**Cc:** Dean, James  
**Subject:** RE: SEC Cost of Removal update

comments

-----Original Message-----

**From:** Lawler, Sarah  
**Sent:** Friday, December 19, 2003 5:05 PM  
**To:** Ritchie, Brett; Hummel, Jim  
**Cc:** Dean, James  
**Subject:** FW: SEC Cost of Removal update

I've spoken to Lee about quantifying this for 12/31/03 and 12/31/02 for balance sheet restatement purposes. We can get that data.

He raised two good questions today:

1. For segment footnote purposes, we disclose 2001 total assets. Do we need to

restate? The answer would be yes if we include this in the segment footnote disclosure, but I am wondering why it is even needed. Footnote disclosure is only required for 2 years. Could we consider striking the three year balance sheet disclosure in this footnote.[Ritchie, Brett] If it is not required, let's get rid of it.

2. Eleven year statistical table discloses total assets for the last 11 years! If we want to restate for all of these years, this could be a significant exercise. Could we consider adding a footnote for all of the years that weren't restated indicating as such?[Ritchie, Brett] Let's plan to add a note. Alternatively, we may end up netting the reg liability with the reg assets (I will talk with D&T, but I think I have a reasonable argument for this). If the assets are more, that means that we will not end up moving the liability to the other side of the balance sheet.

Curious as to your thoughts.

Thanks,

Sarah

-----Original Message-----

**From:** Bitter, Robert (US - Cincinnati) [mailto:rbitter@deloitte.com]

**Sent:** Friday, December 19, 2003 12:18 PM

**To:** Good, Lynn; Ritchie, Brett

**Cc:** Lawler, Sarah; Chong, Amy

**Subject:** FW: SEC Cost of Removal update

-----Original Message-----

**From:** Umbaugh, Jan (US - Raleigh)

**Sent:** Friday, December 19, 2003 10:10 AM

**To:** US National Energy Managers and Seniors; Zaegel, Robert (US - McLean); Adams, Craig (US - Orlando); Adams, James (US - San Francisco); Aliff, Gregory (US - McLean); Aughton, Jeffery (US - Detroit); Baldwin, Larry (US - Houston); Barton, Trevor (US - Omaha); Battey, William H. (US - Charlotte); Bell, Dave (US - Atlanta); Benesh, Kay (US - Detroit); Bitter, Robert (US - Cincinnati); Bitton, Val (US - Chicago); Black, John (US - Atlanta); Boroch, Kevin (US - Pittsburgh); Bub, Scott (US - Houston); Carmazzi, Christine (US - Columbus); Carpenter, Jim C (US - Louisville); Caspersen, Robyn (US - Seattle); Condon, Patrick J (US - Chicago); Curran, John E (US - Hartford); D'Andrea, F. Craig (US - Houston); Dolan, Kevin P (US - Atlanta); Dowds, Joseph (US - San Diego); Durand, Daniel T. (US - Houston); Edmunds, Mark (US - San Francisco); Eichelberger, Tom (US - Atlanta); England, John (US - Houston); Enoch, Jason (US - Charlotte); Fike, Andrew (US - Houston); Foote, William G (US - New York); Fredericks, William (US - Parsippany); Giannuzzi, John L (US - Charlotte); Gibbs, Brian (US - Atlanta); Gillam, Tim (US - Raleigh); Golden, Tracey (US - Wilton); Gorin, David (US - New York); Graf, William P. (US - Chicago); Hahn, Charles (US - Phoenix); Hahne, Robert (US - McLean); Hall, Robert S (US - McLean); Harrington, Dennis (US - New York); Harrison, Jay Q (HK - Hong Kong); Harwood, Steve (US - Los Angeles); Henderson, Marjorie (US - Hartford); Heys, Ed (US - Atlanta); Higgins, Karen (CA - Toronto); Hoffman, Cliff (US - Minneapolis); Hoover, Tom (US - Seattle); Horak, Paul (US - Houston); Horner, Dennis (US - Dallas); Hudgens, Dan (US - Houston); Hutchinson, Michael (US - Denver); Ihlan, Thomas (US - Portland); Johnston, Randy (US - McLean); Jones, Daniel (US - Wilton); Jones, Jeff (US - San Francisco); Jones, Larry (US - Houston); Keefe, Tom (US - New Orleans); Kilkenny, Thomas (US - Milwaukee); Kirkland, Jeff (US - Charlotte); Kurek, Gerard (US - McLean); Larkworthy, Richard (US - McLean); Layton, Mark (US - Dallas); Lombom, Alan (US - Atlanta); Louw, Adrian (US - Stamford); Malloy, Michael (US - New York); Mathews, Dwight (US - Atlanta); Maxant, Robert (US - New York); Maynard, Paul A. (US - Minneapolis); McCormack, Debbie (US - McLean); McKnight, Benjamin A (US - Chicago); Milbury, Tom (US - Boston); Monroe, Kevin (US - McLean); Montag, Jeffrey (US - Houston); Montag, Kim (US - Houston); Moseley, Fred (US - Chicago); Muha, Charles (US - Dallas); Newton, Todd (US - Minneapolis); Nicholson, Chris (US - Richmond); Odom, Dan (US - Dallas); Olsen, Clifford (US - Columbus); Omberg, Thomas (US - Parsippany); Parkin, James (US - Seattle); Phillips, Henry (US - Wilton); Pimentel, Armando (US - West Palm Beach); Poche, Tim (US - Houston); Polacek, Steven L. (US - Minneapolis); Porocho, David (US - Atlanta); Prunty, Patrick (US - Minneapolis); Ray, Gail (US - West Palm Beach); Rayson, Rick W. (US - Phoenix); Reisner, Troy (US - Denver); Rich, Tom (US - Salt Lake City); Robinson, Jack (US - Charlotte); Roger, Nick (US - Parsippany); Rosenberg, Lawrence (US - New York); Rosenbloom, Richard (US - San Francisco); Rouch, James (US - Omaha); Roush, Gary (US - San Antonio); Seelagy, Greg (US - San Francisco); Shehorn, John (US - Indianapolis); Shepherd, Donald (US - New Orleans); Slyh, John (US - Boston); Smith, Scott (US - San Francisco); Stenwick, Tim (US - Sacramento); Stephens, Sondria (US - Los Angeles); Stevens, Mark (US - Salt Lake City); Stokx, Randy (US - Dallas); Storer, Glen (US - Boise); Strange, William (US - Houston); Suddeth, Nate (US - St. Louis); Sullivan, Gary (US - Columbus); Sullivan, John B. (US - Houston); Tanguay, Tom (US - Atlanta); Theuer, Stephen (US -

Richmond); Thompson, Stephen (US - Los Angeles); Tish, Laurie (US - Seattle); Travers, George (US - New York); Uffelman, Bernard (US - Austin); Umbaugh, Jan (US - Raleigh); Vichot, Julie (US - Omaha); Viehman, J. David (US - Philadelphia); Wilson, Todd (US - Chicago); Wiltsie, Karen (US - Detroit); Wisniewski, Carisa (US - San Diego)

**Cc:** Roff, Don (US - Dallas); Bob Bazemore (bob.bazemore@pgnmail.com); Tom Davenport (thomas.davenport@pgnmail.com); Sandy Wyckoff (sandy.wyckoff@pgnmail.com)

**Subject:** SEC Cost of Removal update

David Stringfellow of EEI informed me yesterday that the SEC's Office of Chief Accountant has agreed to meet with EEI on the FAS 143 Cost of Removal regulatory liability classification issue. The meeting is not scheduled until January 27, 2004 and will be for 2 hours rather than the 3 that EEI had suggested. In addition to the Cost of Removal issue, there are a number of derivative and other issues that they want to discuss with OCA. EEI intends to have an internal meeting in early January to finalize the agenda for the OCA meeting and pare down the topics to be covered because of the reduced time allotted. As a result, there is a possibility that the Cost of Removal issue might not be discussed with OCA. Even if it is discussed on January 27, there is no assurance that the issue will be resolved at that meeting or that OCA will agree that the reclassification of the regulatory liability is not required. Therefore, companies should be quantifying their measurement of the regulatory liability currently included in accumulated depreciation and be prepared to reclass that amount to a separate regulatory liability in their 2003 annual reports if the issue is not favorably resolved by OCA before those reports are printed or 10-K's filed.

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**Laub, Peggy**

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**From:** Howe, Lee  
**Sent:** Friday, December 19, 2003 5:45 PM  
**To:** Dean, James; Pate, Gwen; Melendez, Brenda  
**Subject:** FW: SEC Cost of Removal update

FYI

-----Original Message-----

**From:** Lawler, Sarah  
**Sent:** Friday, December 19, 2003 5:24 PM  
**To:** Howe, Lee  
**Subject:** FW: SEC Cost of Removal update

fyi

-----Original Message-----

**From:** Ritchie, Brett  
**Sent:** Friday, December 19, 2003 5:13 PM  
**To:** Lawler, Sarah; Hummel, Jim  
**Cc:** Dean, James  
**Subject:** RE: SEC Cost of Removal update

comments

-----Original Message-----

**From:** Lawler, Sarah  
**Sent:** Friday, December 19, 2003 5:05 PM  
**To:** Ritchie, Brett; Hummel, Jim  
**Cc:** Dean, James  
**Subject:** FW: SEC Cost of Removal update

I've spoken to Lee about quantifying this for 12/31/03 and 12/31/02 for balance sheet restatement purposes. We can get that data.

He raised two good questions today:

1. For segment footnote purposes, we disclose 2001 total assets. Do we need to restate? The answer would be yes if we include this in the segment footnote disclosure, but I am wondering why it is even needed. Footnote disclosure is only required for 2 years. Could we consider striking the three year balance sheet disclosure in this footnote.[Ritchie, Brett] If it is not required, let's get rid of it.
2. Eleven year statistical table discloses total assets for the last 11 years! If we want to restate for all of these years, this could be a significant exercise. Could we consider adding a footnote for all of the years that weren't restated indicating as such?[Ritchie, Brett] Let's plan to add a note. Alternatively, we may end up netting the reg liability with the reg assets (I will talk with D&T, but I think I have a reasonable argument for this). If the assets are more, that means that we will not end up moving the liability to the other side of the balance sheet.

Curious as to your thoughts.

Thanks,

Sarah

-----Original Message-----

**From:** Bitter, Robert (US - Cincinnati) [mailto:rbitter@deloitte.com]

**Sent:** Friday, December 19, 2003 12:18 PM

**To:** Good, Lynn; Ritchie, Brett

**Cc:** Lawler, Sarah; Chong, Amy

**Subject:** FW: SEC Cost of Removal update

KyPSC Case No. 2006-00172

Attachment AG-DR-02-028

Page 34 of 608

-----Original Message-----

**From:** Umbaugh, Jan (US - Raleigh)

**Sent:** Friday, December 19, 2003 10:10 AM

**To:** US National Energy Managers and Seniors; Zaegel, Robert (US - McLean); Adams, Craig (US - Orlando); Adams, James (US - San Francisco); Aliff, Gregory (US - McLean); Aughton, Jeffery (US - Detroit); Baldwin, Larry (US - Houston); Barton, Trevor (US - Omaha); Battey, William H. (US - Charlotte); Bell, Dave (US - Atlanta); Benesh, Kay (US - Detroit); Bitter, Robert (US - Cincinnati); Bitton, Val (US - Chicago); Black, John (US - Atlanta); Boroch, Kevin (US - Pittsburgh); Bub, Scott (US - Houston); Carmazzi, Christine (US - Columbus); Carpenter, Jim C (US - Louisville); Caspersen, Robyn (US - Seattle); Condon, Patrick J (US - Chicago); Curran, John E (US - Hartford); D'Andrea, F. Craig (US - Houston); Dolan, Kevin P (US - Atlanta); Dowds, Joseph (US - San Diego); Durand, Daniel T. (US - Houston); Edmunds, Mark (US - San Francisco); Eichelberger, Tom (US - Atlanta); England, John (US - Houston); Enoch, Jason (US - Charlotte); Fike, Andrew (US - Houston); Foote, William G (US - New York); Fredericks, William (US - Parsippany); Giannuzzi, John L (US - Charlotte); Gibbs, Brian (US - Atlanta); Gillam, Tim (US - Raleigh); Golden, Tracey (US - Wilton); Gorin, David (US - New York); Graf, William P. (US - Chicago); Hahn, Charles (US - Phoenix); Hahne, Robert (US - McLean); Hall, Robert S (US - McLean); Harrington, Dennis (US - New York); Harrison, Jay Q (HK - Hong Kong); Harwood, Steve (US - Los Angeles); Henderson, Marjorie (US - Hartford); Heys, Ed (US - Atlanta); Higgins, Karen (CA - Toronto); Hoffman, Cliff (US - Minneapolis); Hoover, Tom (US - Seattle); Horak, Paul (US - Houston); Horner, Dennis (US - Dallas); Hudgens, Dan (US - Houston); Hutchinson, Michael (US - Denver); Ihlan, Thomas (US - Portland); Johnston, Randy (US - McLean); Jones, Daniel (US - Wilton); Jones, Jeff (US - San Francisco); Jones, Larry (US - Houston); Keefe, Tom (US - New Orleans); Kilkenny, Thomas (US - Milwaukee); Kirkland, Jeff (US - Charlotte); Kurek, Gerard (US - McLean); Larkworthy, Richard (US - McLean); Layton, Mark (US - Dallas); Lonbom, Alan (US - Atlanta); Louw, Adrian (US - Stamford); Malloy, Michael (US - New York); Mathews, Dwight (US - Atlanta); Maxant, Robert (US - New York); Maynard, Paul A. (US - Minneapolis); McCormack, Debbie (US - McLean); McKnight, Benjamin A (US - Chicago); Milbury, Tom (US - Boston); Monroe, Kevin (US - McLean); Montag, Jeffrey (US - Houston); Montag, Kim (US - Houston); Moseley, Fred (US - Chicago); Muha, Charles (US - Dallas); Newton, Todd (US - Minneapolis); Nicholson, Chris (US - Richmond); Odom, Dan (US - Dallas); Olsen, Clifford (US - Columbus); Omberg, Thomas (US - Parsippany); Parkin, James (US - Seattle); Phillips, Henry (US - Wilton); Pimentel, Armando (US - West Palm Beach); Poche', Tim (US - Houston); Polacek, Steven L. (US - Minneapolis); Poroch, David (US - Atlanta); Prunty, Patrick (US - Minneapolis); Ray, Gail (US - West Palm Beach); Rayson, Rick W. (US - Phoenix); Reisner, Troy (US - Denver); Rich, Tom (US - Salt Lake City); Robinson, Jack (US - Charlotte); Roger, Nick (US - Parsippany); Rosenberg, Lawrence (US - New York); Rosenbloom, Richard (US - San Francisco); Rouch, James (US - Omaha); Roush, Gary (US - San Antonio); Seelagy, Greg (US - San Francisco); Shehom, John (US - Indianapolis); Shepherd, Donald (US - New Orleans); Slyh, John (US - Boston); Smith, Scott (US - San Francisco); Stenvick, Tim (US - Sacramento); Stephens, Sondria (US - Los Angeles); Stevens, Mark (US - Salt Lake City); Stokx, Randy (US - Dallas); Storer, Glen (US - Boise); Strange, William (US - Houston); Suddeth, Nate (US - St. Louis); Sullivan, Gary (US - Columbus); Sullivan, John B. (US - Houston); Tanguay, Tom (US - Atlanta); Theuer, Stephen (US - Richmond); Thompson, Stephen (US - Los Angeles); Tish, Laurie (US - Seattle); Travers, George (US - New York); Uffelman, Bernard (US - Austin); Umbaugh, Jan (US - Raleigh); Vichot, Julie (US - Omaha); Viehman, J. David (US - Philadelphia); Wilson, Todd (US - Chicago); Wiltsie, Karen (US - Detroit); Wisniewski, Carisa (US - San Diego)

**Cc:** Roff, Don (US - Dallas); Bob Bazemore (bob.bazemore@pgnmail.com); Tom Davenport (thomas.davenport@pgnmail.com); Sandy Wyckoff (sandy.wyckoff@pgnmail.com)

**Subject:** SEC Cost of Removal update

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specific individual and purpose, and is protected by law. If you are not the intended recipient, you should delete this message. Any disclosure, copying, or distribution of this message, or the taking of any action based on it, is strictly prohibited.

**Laub, Peggy**

**From:** Ritchie, Brett  
**Sent:** Friday, December 19, 2003 12:26 PM  
**To:** Howe, Lee; Laub, Peggy  
**Subject:** FW: SEC Cost of Removal update

FYI

-----Original Message-----

**From:** Bitter, Robert (US - Cincinnati) [mailto:rbitter@deloitte.com]  
**Sent:** Friday, December 19, 2003 12:18 PM  
**To:** Good, Lynn; Ritchie, Brett  
**Cc:** Lawler, Sarah; Chong, Amy  
**Subject:** FW: SEC Cost of Removal update

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**From:** Umbaugh, Jan (US - Raleigh)  
**Sent:** Friday, December 19, 2003 10:10 AM

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**Dean, James**

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**From:** Barnhart, Christa  
**Sent:** Thursday, October 23, 2003 4:53 PM  
**To:** Dean, James  
**Subject:** Landfills.xls

**Attachments:** Landfills.xls



Landfills.xls (97 KB)

Infl Factors and Disc Rates

Assumed rate of inflation: 2.50%

Inflation Factors			Discount Rates							
# Periods Into Future	Factor		PSI			CG&E				
			Risk-free Rate	Credit Spread	Discount Rate	Risk-free Rate	Credit Spread	Discount Rate		
2003	0.5	1.0124	2003	1.206%	1.35%	2.556%	2003	1.206%	1.30%	2.506%
2004	1.5	1.0377	2004	1.391%	1.35%	2.741%	2004	1.391%	1.30%	2.691%
2005	2.5	1.0637	2005	1.766%	1.35%	3.116%	2005	1.766%	1.30%	3.066%
2006	3.5	1.0903	2006	2.240%	1.35%	3.590%	2006	2.240%	1.30%	3.540%
2007	4.5	1.1175	2007	2.631%	1.38%	4.006%	2007	2.631%	1.33%	3.956%
2008	5.5	1.1455	2008	3.031%	1.40%	4.431%	2008	3.031%	1.35%	4.381%
2009	6.5	1.1741	2009	3.451%	1.45%	4.901%	2009	3.451%	1.40%	4.851%
2010	7.5	1.2035	2010	3.800%	1.50%	5.300%	2010	3.800%	1.45%	5.250%
2011	8.5	1.2335	2011	3.988%	1.52%	5.505%	2011	3.988%	1.47%	5.455%
2012	9.5	1.2644	2012	4.079%	1.53%	5.612%	2012	4.079%	1.48%	5.562%
2013	10.5	1.2960	2013	4.417%	1.55%	5.967%	2013	4.417%	1.50%	5.917%
2014	11.5	1.3284	2014	4.550%	1.56%	6.110%	2014	4.550%	1.51%	6.060%
2015	12.5	1.3616	2015	4.697%	1.57%	6.267%	2015	4.697%	1.52%	6.217%
2016	13.5	1.3956	2016	4.821%	1.58%	6.401%	2016	4.821%	1.53%	6.351%
2017	14.5	1.4305	2017	4.958%	1.59%	6.548%	2017	4.958%	1.54%	6.498%
2018	15.5	1.4663	2018	5.060%	1.60%	6.660%	2018	5.060%	1.55%	6.610%
2019	16.5	1.5029	2019	5.166%	1.61%	6.776%	2019	5.166%	1.56%	6.726%
2020	17.5	1.5405	2020	5.220%	1.62%	6.840%	2020	5.220%	1.57%	6.790%
2021	18.5	1.5790	2021	5.274%	1.63%	6.904%	2021	5.274%	1.58%	6.854%
2022	19.5	1.6185	2022	5.308%	1.64%	6.948%	2022	5.308%	1.59%	6.898%
2023	20.5	1.6590	2023	5.329%	1.65%	6.979%	2023	5.329%	1.60%	6.929%
2024	21.5	1.7004	2024	5.344%	1.66%	7.004%	2024	5.344%	1.61%	6.954%
2025	22.5	1.7430	2025	5.353%	1.67%	7.023%	2025	5.353%	1.62%	6.973%
2026	23.5	1.7865	2026	5.336%	1.68%	7.016%	2026	5.336%	1.63%	6.966%
2027	24.5	1.8312	2027	5.343%	1.69%	7.033%	2027	5.343%	1.64%	6.983%
2028	25.5	1.8770	2028	5.281%	1.70%	6.981%	2028	5.281%	1.65%	6.931%
2029	26.5	1.9239	2029	5.257%	1.71%	6.967%	2029	5.257%	1.66%	6.917%
2030	27.5	1.9720	2030	5.228%	1.72%	6.948%	2030	5.228%	1.67%	6.898%
2031	28.5	2.0213	2031	5.228%	1.73%	6.958%	2031	5.228%	1.68%	6.908%
2032	29.5	2.0718	2032	5.228%	1.74%	6.968%	2032	5.228%	1.69%	6.918%
2033	30.5	2.1236	2033	5.228%	1.75%	6.978%	2033	5.228%	1.70%	6.928%

Infl Factors and Disc Rates

Assumed rate of inflation: 2.50%

**Inflation Factors**

	<u># Periods Into Future</u>	<u>Factor</u>
2034	31.5	2.1767
2035	32.5	2.2311
2036	33.5	2.2869
2037	34.5	2.3441
2038	35.5	2.4027
2039	36.5	2.4628
2040	37.5	2.5243
2041	38.5	2.5874
2042	39.5	2.6521
2043	40.5	2.7184

**Discount Rates**

	<u>PSI</u>			<u>CG&amp;E</u>		
	<u>Risk-free Rate</u>	<u>Credit Spread</u>	<u>Discount Rate</u>	<u>Risk-free Rate</u>	<u>Credit Spread</u>	<u>Discount Rate</u>
2034	5.228%	1.75%	6.978%	5.228%	1.70%	6.928%
2035	5.228%	1.75%	6.978%	5.228%	1.70%	6.928%
2036	5.228%	1.75%	6.978%	5.228%	1.70%	6.928%
2037	5.228%	1.75%	6.978%	5.228%	1.70%	6.928%
2038	5.228%	1.75%	6.978%	5.228%	1.70%	6.928%
2039	5.228%	1.75%	6.978%	5.228%	1.70%	6.928%
2040	5.228%	1.75%	6.978%	5.228%	1.70%	6.928%
2041	5.228%	1.75%	6.978%	5.228%	1.70%	6.928%
2042	5.228%	1.75%	6.978%	5.228%	1.70%	6.928%
2043	5.228%	1.75%	6.978%	5.228%	1.70%	6.928%

|  
 Gibson-Total

Cost per acre for closure: \$ 27,262  
 Remaining acreage to close: 100 acres

Closure:

	Area Closed (acres)	Closure Cost (2003 \$)	Inflation Factor	Inflated \$	Discount Rate	\$ Discounted to 1/1/2003	\$ Discounted to 6/30/1988	Accretion Cumulative Effect
2003	15	408,930	1.0124	414,010	2.556%	408,889	283,468	125,421
2005	15	408,930	1.0637	434,969	3.116%	402,901	258,089	144,812
2007	15	408,930	1.1175	456,990	4.006%	383,013	216,576	166,437
2009	15	408,930	1.1741	480,125	4.901%	351,816	175,670	176,146
2011	15	408,930	1.2335	504,431	5.505%	319,909	146,974	172,935
2013	25	681,550	1.2960	883,280	5.967%	480,577	207,203	273,374
	100	2,726,200		3,173,805		2,347,104	1,287,980	1,059,124

Post-closure:

	Post-closure Cost (2003 \$)	Inflation Factor	Inflated \$	Discount Rate	\$ Discounted to 1/1/2003	\$ Discounted to 6/30/1988	Accretion Cumulative Effect
2014	75,635	1.3284	100,472	6.110%	50,796	21,478	29,318
2015	75,635	1.3616	102,984	6.267%	48,168	19,933	28,234
2016	75,635	1.3956	105,559	6.401%	45,669	18,557	27,112
2017	75,635	1.4305	108,198	6.548%	43,122	17,174	25,948
2018	75,635	1.4663	110,903	6.660%	40,813	16,009	24,805
2019	75,635	1.5029	113,675	6.776%	38,527	14,876	23,651
2020	75,635	1.5405	116,517	6.840%	36,589	14,005	22,584
2021	75,635	1.5790	119,430	6.904%	34,716	13,173	21,543
2022	75,635	1.6185	122,416	6.948%	33,020	12,455	20,565
2023	75,635	1.6590	125,476	6.979%	31,459	11,816	19,643
2024	75,635	1.7004	128,613	7.004%	29,985	11,224	18,761
2025	75,635	1.7430	131,829	7.023%	28,611	10,683	17,928
2026	75,635	1.7865	135,124	7.016%	27,444	10,257	17,187
2027	75,635	1.8312	138,502	7.033%	26,184	9,764	16,420
2028	75,635	1.8770	141,965	6.981%	25,383	9,532	15,851
2029	75,635	1.9239	145,514	6.967%	24,402	9,180	15,222
2030	75,635	1.9720	149,152	6.948%	23,497	8,863	14,635
2031	75,635	2.0213	152,881	6.958%	22,460	8,460	14,000
2032	75,635	2.0718	156,703	6.968%	21,461	8,073	13,388
2033	75,635	2.1236	160,620	6.978%	20,506	7,703	12,803
2034	75,635	2.1767	164,636	6.978%	19,647	7,381	12,267
2035	75,635	2.2311	168,752	6.978%	18,825	7,072	11,753
2036	75,635	2.2869	172,971	6.978%	18,034	6,774	11,259
2037	75,635	2.3441	177,295	6.978%	17,279	6,491	10,788
2038	75,635	2.4027	181,727	6.978%	16,556	6,219	10,336
2039	75,635	2.4628	186,270	6.978%	15,863	5,959	9,904
2040	75,635	2.5243	190,927	6.978%	15,196	5,708	9,487
2041	75,635	2.5874	195,700	6.978%	14,560	5,469	9,090
2042	75,635	2.6521	200,593	6.978%	13,950	5,240	8,710
2043	75,635	2.7184	205,608	6.978%	13,366	5,021	8,345
	2,269,049		4,411,013		816,087	314,550	501,536

Totals 4,995,249 7,584,818 3,163,191 1,602,531 1,560,661

Allocated to:  
 PSI 75.025%  
 WVPA 12.500%  
 IMPA 12.475%  
 100.000%

Cost per acre for closure: \$ 27,262  
 Remaining acreage to close: 100 acres

Closure:

	Area Closed (acres)	Closure Cost (2003 \$)	Inflation Factor	Inflated \$	Discount Rate	\$ Discounted to 1/1/2003	\$ Discounted to 6/30/1988	Accretion Cumulative Effect
2003	15	306,800	1.0124	310,611	2.556%	306,769	212,672	94,097
2005	15	306,800	1.0637	326,336	3.116%	302,276	193,631	108,645
2007	15	306,800	1.1175	342,856	4.006%	287,356	162,486	124,870
2009	15	306,800	1.1741	360,214	4.901%	263,950	131,796	132,153
2011	15	306,800	1.2335	378,449	5.505%	240,012	110,267	129,745
2013	25	511,333	1.2860	662,681	5.967%	360,553	155,454	205,099
	100	2,045,332		2,381,147		1,760,915	966,307	794,608

Post-closure:

	Post-closure Cost (2003 \$)	Inflation Factor	Inflated \$	Discount Rate	\$ Discounted to 1/1/2003	\$ Discounted to 6/30/1988	Accretion Cumulative Effect
2014	56,745	1.3284	75,379	6.110%	38,110	16,114	21,996
2015	56,745	1.3616	77,264	6.267%	36,138	14,955	21,183
2016	56,745	1.3956	79,196	6.401%	34,263	13,922	20,341
2017	56,745	1.4305	81,175	6.548%	32,352	12,885	19,467
2018	56,745	1.4663	83,205	6.660%	30,620	12,011	18,610
2019	56,745	1.5029	85,285	6.778%	28,905	11,161	17,744
2020	56,745	1.5405	87,417	6.840%	27,451	10,507	16,944
2021	56,745	1.5790	89,603	6.904%	26,046	9,883	16,163
2022	56,745	1.6185	91,843	6.948%	24,773	9,344	15,429
2023	56,745	1.6590	94,139	6.979%	23,602	8,865	14,737
2024	56,745	1.7004	96,492	7.004%	22,496	8,421	14,075
2025	56,745	1.7430	98,904	7.023%	21,466	8,015	13,450
2026	56,745	1.7865	101,377	7.016%	20,590	7,696	12,895
2027	56,745	1.8312	103,911	7.033%	19,645	7,325	12,319
2028	56,745	1.8770	106,509	6.981%	19,043	7,151	11,892
2029	56,745	1.9239	109,172	6.967%	18,308	6,888	11,420
2030	56,745	1.9720	111,901	6.948%	17,629	6,649	10,980
2031	56,745	2.0213	114,699	6.958%	16,851	6,347	10,504
2032	56,745	2.0718	117,566	6.968%	16,101	6,057	10,044
2033	56,745	2.1236	120,505	6.978%	15,385	5,779	9,605
2034	56,745	2.1767	123,518	6.978%	14,741	5,537	9,203
2035	56,745	2.2311	126,606	6.978%	14,124	5,306	8,818
2036	56,745	2.2869	129,771	6.978%	13,530	5,083	8,447
2037	56,745	2.3441	133,015	6.978%	12,963	4,870	8,094
2038	56,745	2.4027	136,341	6.978%	12,421	4,666	7,755
2039	56,745	2.4628	139,749	6.978%	11,901	4,471	7,430
2040	56,745	2.5243	143,243	6.978%	11,401	4,283	7,118
2041	56,745	2.5874	146,824	6.978%	10,923	4,103	6,820
2042	56,745	2.6521	150,495	6.978%	10,466	3,932	6,535
2043	56,745	2.7184	154,257	6.978%	10,028	3,767	6,261
	1,702,354		3,309,362		612,269	235,991	376,278

Totals 3,747,686 5,690,509 2,373,184 1,202,299 1,170,886

Allocated to:  
 PSI 75.025%  
 WVPA 12.500%  
 IMPA 12.475%  
 100.000%



Zimmer-Total

Closure:

	Closure Cost (2003 \$)	Inflation Factor	Inflated \$	Discount Rate	\$ Discounted to 1/1/2003	\$ Discounted to 4/20/2000	Accretion Cumulative Effect
2003	106,769	1.0124	108,095	2.506%	106,784	99,877	6,906
2004	106,769	1.0377	110,797	2.691%	106,483	99,112	7,371
2005	106,769	1.0637	113,567	3.066%	105,322	97,071	8,251
2006	106,769	1.0903	116,407	3.540%	103,077	93,831	9,245
2007	106,769	1.1175	119,317	3.956%	100,218	90,247	9,972
2008	106,769	1.1455	122,300	4.381%	96,612	86,046	10,567
2009	106,769	1.1741	125,357	4.851%	92,142	81,074	11,068
2010	106,769	1.2035	128,491	5.250%	87,546	76,244	11,302
2011	106,769	1.2335	131,703	5.455%	83,863	72,655	11,209
2012	106,769	1.2644	134,996	5.562%	80,719	69,739	10,980
2013	360,000	1.2960	466,555	5.917%	255,105	218,412	36,694
	<u>1,427,687</u>		<u>1,677,586</u>		<u>1,217,872</u>	<u>1,084,308</u>	<u>133,564</u>

Post-closure:

	Post-closure Cost (2003 \$)	Inflation Factor	Inflated \$	Discount Rate	\$ Discounted to 1/1/2003	\$ Discounted to 4/20/2000	Accretion Cumulative Effect
2028	158,424	1.8770	297,357	6.931%	53,804	44,895	8,909
2029	158,424	1.9239	304,791	6.917%	51,749	43,196	8,554
2030	158,424	1.9720	312,411	6.898%	49,855	41,634	8,221
2031	158,424	2.0213	320,221	6.908%	47,676	39,805	7,871
2032	158,424	2.0718	328,227	6.918%	45,576	38,042	7,534
2033	158,424	2.1236	336,432	6.928%	43,568	36,357	7,212
2034	158,424	2.1767	344,843	6.928%	41,764	34,851	6,913
2035	158,424	2.2311	353,464	6.928%	40,035	33,408	6,627
2036	158,424	2.2869	362,301	6.928%	38,370	32,019	6,351
2037	158,424	2.3441	371,358	6.928%	36,781	30,693	6,088
2038	158,424	2.4027	380,642	6.928%	35,258	29,422	5,836
2039	158,424	2.4628	390,158	6.928%	33,798	28,203	5,594
2040	158,424	2.5243	399,912	6.928%	32,392	27,030	5,362
2041	158,424	2.5874	409,910	6.928%	31,051	25,911	5,140
2042	158,424	2.6521	420,158	6.928%	29,765	24,838	4,927
	<u>2,376,354</u>		<u>5,332,187</u>		<u>611,440</u>	<u>510,301</u>	<u>101,138</u>

Totals

3,804,041

7,009,773

Zimmer-Total

1,829,311

1,594,609

234,702

Closure:

	Closure Cost (2003 \$)	Inflation Factor	Inflated \$	Discount Rate	\$ Discounted to 1/1/2003	\$ Discounted to 4/20/2000	Accretion Cumulative Effect
2003	49,647	1.0124	50,264	2.506%	49,654	46,443	3,211
2004	49,647	1.0377	51,521	2.691%	49,514	46,087	3,427
2005	49,647	1.0637	52,809	3.066%	48,975	45,138	3,837
2006	49,647	1.0903	54,129	3.540%	47,931	43,632	4,299
2007	49,647	1.1175	55,482	3.956%	46,602	41,965	4,637
2008	49,647	1.1455	56,869	4.381%	44,925	40,011	4,913
2009	49,647	1.1741	58,291	4.851%	42,846	37,699	5,146
2010	49,647	1.2035	59,748	5.250%	40,709	35,454	5,255
2011	49,647	1.2335	61,242	5.455%	38,996	33,784	5,212
2012	49,647	1.2644	62,773	5.562%	37,535	32,429	5,106
2013	167,400	1.2960	216,948	5.917%	118,624	101,561	17,063
	<u>663,874</u>		<u>780,077</u>		<u>566,310</u>	<u>504,203</u>	<u>62,107</u>

Post-closure:

	Post-closure Cost (2003 \$)	Inflation Factor	Inflated \$	Discount Rate	\$ Discounted to 1/1/2003	\$ Discounted to 4/20/2000	Accretion Cumulative Effect
2028	73,667	1.8770	138,271	6.931%	25,019	20,876	4,143
2029	73,667	1.9239	141,728	6.917%	24,063	20,086	3,978
2030	73,667	1.9720	145,271	6.898%	23,182	19,360	3,823
2031	73,667	2.0213	148,903	6.908%	22,169	18,509	3,660
2032	73,667	2.0718	152,625	6.918%	21,193	17,689	3,503
2033	73,667	2.1236	156,441	6.928%	20,259	16,906	3,353
2034	73,667	2.1767	160,352	6.928%	19,420	16,206	3,215
2035	73,667	2.2311	164,361	6.928%	18,616	15,535	3,081
2036	73,667	2.2869	168,470	6.928%	17,842	14,889	2,953
2037	73,667	2.3441	172,682	6.928%	17,103	14,272	2,831
2038	73,667	2.4027	176,999	6.928%	16,395	13,681	2,714
2039	73,667	2.4628	181,424	6.928%	15,716	13,114	2,601
2040	73,667	2.5243	185,959	6.928%	15,062	12,569	2,493
2041	73,667	2.5874	190,608	6.928%	14,439	12,049	2,390
2042	73,667	2.6521	195,373	6.928%	13,841	11,550	2,291
	<u>1,105,005</u>		<u>2,479,467</u>		<u>284,319</u>	<u>237,290</u>	<u>47,029</u>

Totals

1,768,879

Zimmer-CG&E

3,259,544

850,630

741,493

109,137

East Bend-Total

KYPSC Case No. 2006-00172  
Attachment AG-DR-02-028  
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Remaining acreage to close: 70 acres

Closure:

	Area Closed (acres)	Closure Cost (2003 \$)	Inflation Factor	Inflated \$	Discount Rate	\$ Discounted to 1/1/2003	\$ Discounted to 6/30/1981	Accretion Cumulative Effect
2003	8.3	125,626	1.0124	127,186	2.506%	125,643	73,758	51,885
2004	8.3	125,626	1.0377	130,366	2.691%	125,289	70,751	54,538
2005	8.3	125,626	1.0637	133,625	3.066%	123,923	64,700	59,224
2006	8.3	125,626	1.0903	136,966	3.540%	121,282	57,367	63,915
2007	8.3	125,626	1.1175	140,390	3.956%	117,918	51,165	66,754
2008	8.3	125,626	1.1455	143,900	4.381%	113,676	45,178	68,498
2009	8.3	125,626	1.1741	147,497	4.851%	108,415	39,116	69,299
2010	8.3	125,626	1.2035	151,184	5.250%	103,008	34,248	68,760
2011	1.8	26,448	1.2335	32,624	5.455%	20,774	6,624	14,149
2012	1.8	26,448	1.2644	33,440	5.562%	19,995	6,238	13,757
	<u>70</u>	<u>1,057,900</u>		<u>1,177,177</u>		<u>979,923</u>	<u>449,144</u>	<u>530,779</u>

Post-closure:

	Post-closure Cost (2003 \$)	Inflation Factor	Inflated \$	Discount Rate	\$ Discounted to 1/1/2003	\$ Discounted to 6/30/1981	Accretion Cumulative Effect
2018	92,100	1.4663	135,045	6.610%	50,061	12,626	37,435
2019	92,100	1.5029	138,421	6.726%	47,278	11,650	35,629
2020	92,100	1.5405	141,882	6.790%	44,921	10,926	33,995
2021	92,100	1.5790	145,429	6.854%	42,641	10,238	32,402
2022	92,100	1.6185	149,065	6.898%	40,576	9,657	30,919
	<u>460,500</u>		<u>709,843</u>		<u>225,477</u>	<u>55,097</u>	<u>170,380</u>

Totals 1,518,400 1,887,020 1,205,400 504,240 701,159

	% of remaining construction	Acres to close - 2003	Years until closure	Acres per year
1-10	75%	70	8	6.5625
11-12	25%	70	10	1.7500
		<u>70</u>		<u>8.3125</u>

1  
East Bend-CG&E

KyPSC Case No. 2006-00172  
Attachment AG-DR-02-028  
Page 48 of 608

Remaining acreage to close: 70 acres

Closure:

	Area Closed (acres)	Closure Cost (2003 \$)	Inflation Factor	Inflated \$	Discount Rate	\$ Discounted to 1/1/2003	\$ Discounted to 6/30/1981	Accretion Cumulative Effect
2003	8.3	86,682	1.0124	87,759	2.506%	86,694	50,893	35,801
2004	8.3	86,682	1.0377	89,952	2.691%	86,449	48,818	37,632
2005	8.3	86,682	1.0637	92,201	3.066%	85,507	44,643	40,864
2006	8.3	86,682	1.0903	94,506	3.540%	83,684	39,583	44,101
2007	8.3	86,682	1.1175	96,869	3.956%	81,364	35,304	46,060
2008	8.3	86,682	1.1455	99,291	4.381%	78,436	31,173	47,264
2009	8.3	86,682	1.1741	101,773	4.851%	74,806	26,990	47,816
2010	8.3	86,682	1.2035	104,317	5.250%	71,076	23,631	47,444
2011	1.8	18,249	1.2335	22,511	5.455%	14,334	4,571	9,763
2012	1.8	18,249	1.2644	23,073	5.562%	13,796	4,304	9,492
	<u>70</u>	<u>729,951</u>		<u>812,252</u>		<u>676,147</u>	<u>309,909</u>	<u>366,238</u>

Post-closure:

	Post-closure Cost (2003 \$)	Inflation Factor	Inflated \$	Discount Rate	\$ Discounted to 1/1/2003	\$ Discounted to 6/30/1981	Accretion Cumulative Effect
2018	63,549	1.4663	93,181	6.610%	34,542	8,712	25,830
2019	63,549	1.5029	95,511	6.726%	32,622	8,038	24,584
2020	63,549	1.5405	97,899	6.790%	30,995	7,539	23,456
2021	63,549	1.5790	100,346	6.854%	29,422	7,064	22,358
2022	63,549	1.6185	102,855	6.898%	27,997	6,663	21,334
	<u>317,745</u>		<u>489,791</u>		<u>155,579</u>	<u>38,017</u>	<u>117,562</u>
Totals	1,047,696		1,302,044		831,726	347,926	483,800

	% of remaining construction	Acres to close as of 2003	Years until closure	Acres per year
1-10	75%	70	8	6.5625
11-12	25%	70	10	1.7500
		<u>70</u>		<u>8.3125</u>

Estimated closure cost: \$ 591,041

Probability weighted cash flows:

Landfill Closed In	Closure Cost (2003 \$)	Inflation Factor	Inflated \$	Discount Rate	\$ Discounted to 1/1/2003	% Chance	\$ Discounted to 7/20/1990	% Chance	Accretion Cumulative Effect
2010	591,041	1.2035	711,290	5.250%	484,631	10%	48,463	10%	22,847
2015	591,041	1.3616	804,759	6.217%	378,621	15%	56,793	15%	30,007
2020	591,041	1.5405	910,511	6.790%	288,273	25%	72,068	25%	40,282
2025	591,041	1.7430	1,030,160	6.973%	225,944	25%	56,486	25%	32,097
2030	591,041	1.9720	1,165,531	6.898%	185,996	25%	46,499	25%	26,247
						100%	280,310	100%	128,831
2022.000				6.623%					151,479
2022	591,041	1.6185	956,606	6.898%	260,392	100%	260,392	100%	146,980

**Laub, Peggy**

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**From:** Ritchie, Brett  
**Sent:** Thursday, October 16, 2003 6:50 PM  
**To:** Laub, Peggy; Howe, Lee  
**Subject:** RE: Member Question: Accumulated Cost of Removal

My thought is to wait and see how this plays out a little more before we move anything.

-----Original Message-----

**From:** Laub, Peggy  
**Sent:** Thursday, October 16, 2003 3:54 PM  
**To:** Ritchie, Brett; Howe, Lee  
**Subject:** FW: Member Question: Accumulated Cost of Removal

FYI

I have received numerous responses from other EEI companies- so far all say they are disclosing but not reclassifying the amount.

I assume we are still going to just disclose the amount - is that correct?

-----Original Message-----

**From:** Julia Valliere [mailto:JValliere@eei.org]  
**Sent:** Thursday, October 16, 2003 3:26 PM  
**To:** dadavis@aep.com; jehenderson@aep.com; gboyles@alleghenyenergy.com;  
k  
**Subject:** Member Question: Accumulated Cost of Removal

To: EEI Property Accounting & Valuation Committee

The following question comes from Joe Croshier of Central Hudson Gas & Electric. If you can help Joe, please e-mail him directly at jcroshier@cenhud.com . Thanks for your help.

A very Hot Topic for this quarter disclosure is the required transfer of Accumulated Cost of Removal that is included in Accumulated Depreciation. Apparently SEC is pushing some utilities hard for this to be reclassified to Regulatory Liability from Accumulated Depreciation. The SEC feels that if the estimated cost of dismantling and removing plant from service upon retirement is included in your cost of service on which your utility rates are based, this meets the requirements of SFAS 71 and should be classified as a regulatory liability in accordance with paragraph B73 of SFAS 143 to the extent it is measurable and quantifiable. They believe that paragraph B73 of SFAS 143 specifically requires that such amounts be presented as a regulatory liability.

We have been disclosing the amount in the footnotes but have not reclassified. Have any utilities reclassified the accumulated Cost of Removal for their non- ARO assets? Your quick response to this inquiry would be greatly appreciated. Joe Croshier Central Hudson Gas & Electric Please call me at 845-486-5256 if you have any questions on the topic.



**Laub, Peggy**

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**From:** Laub, Peggy  
**Sent:** Friday, October 10, 2003 8:52 AM  
**To:** Howe, Lee  
**Subject:** FW: responses to FERC data requests

**Attachments:** Main3Legal-#115015-v3-responses\_to\_FERC\_data\_requests.DOC

FYI

-----Original Message-----

**From:** Barnhart, Christa  
**Sent:** Thursday, October 09, 2003 5:32 PM  
**To:** Laub, Peggy  
**Subject:** FW: responses to FERC data requests

FYI. FERC had some follow up questions on the journal entries and supporting information we filed. Attached is our response.

-----Original Message-----

**From:** Finnigan, John  
**Sent:** Thursday, October 09, 2003 3:44 PM  
**To:** Steffen, Jack; Pefley, Leigh; Ritchie, Brett; Barnhart, Christa; Williams, Rhoda  
**Cc:** Gainer, James; Moriarty, Kate  
**Subject:** responses to FERC data requests

To all:

Here is the final version of our responses to FERC Staff's data requests relating to our 7/18/03 compliance filing relating to FAS 143. Thanks for your assistance in preparing these responses.



Main3Legal-#11501  
5-v3-response...

Responses of  
The Cincinnati Gas & Electric Company  
to FERC Staff Data Request dated September 26, 2003  
in Docket AC03-64-000

1. Please provide an explanation under what provision of FAS 143 does it provide for reversing the cost of removal that does not arise to a legal obligation? Is this a requirement based on an interpretation or guidance provided to CG&E by the Securities Exchange Commission?

Response:

Based on advice that CG&E received from its external auditors, Deloitte & Touche, CG&E understands that the Securities and Exchange Commission interpreted paragraph B22 of Statement 143 as specifically precluding an entity from recording an expense for estimated costs associated with the removal or retirement of assets when such removal or retirement is not the result of a legal obligation.

2. Please provide an explanation why Cincinnati Gas & Electric Company (CG&E) does not have to make a refund or record a regulatory liability for future refunds to its retail customers related to the reversal from Account 108, Accumulated Provision for Depreciation of Electric Utility Plant, for cost of removal that does not qualify as a legal retirement obligations (non-legal retirement obligations) as part of an accounting true-up (i.e. negative stranded costs, etc.) under the transitional restructuring mechanism pursuant to the Ohio Act SB3 and/or under any Public Utilities Commission of Ohio order implementing Ohio SB3.

Response:

Pursuant to S.B. 3, generation is no longer a regulated service for retail ratemaking in Ohio and the Public Utilities Commission's August 31, 2000 order in CG&E's transition plan case (Case No. 99-1658-EL-ETP) was a full and final settlement of all matters relating to CG&E's recovery of transition revenues relating to the restructuring of the electric utility industry, such that no future retail refunds are required.

3. You state in your response that Cincinnati Gas & Electric Company has no intent to file for any wholesale rates with the FERC as it relates to its generation. What is the purpose of this statement and why does CG&E not intend to file for any wholesale rates with FERC as it relates to its generation?

Responses of  
The Cincinnati Gas & Electric Company  
to FERC Staff Data Request dated September 26, 2003  
in Docket AC03-64-000

Response:

CG&E no longer has any wholesale cost of service customers. All wholesale service is provided under "market based" contracts, so wholesale cost of service base rate cases are no longer necessary.

4. Please provide an explanation why Cincinnati Gas & Electric Company is not required under any of its wholesale contracts to make any refunds and/or record a regulatory liability for future refunds to its FERC wholesale customers related to the reversal from Account 108, Accumulated Provision for Depreciation of Electric Utility Plant, for cost of removal that does not qualify as a legal retirement obligations (non-legal retirement obligations)?

Response:

No.

5. Does CG&E serve any wholesale customers under a FERC wholesale cost based contract that it currently recovers cost of removal in its rates related to those assets that it has identified and removed the cost of removal as reflected in its compliance filing made pursuant to Order 631?
  - (a) If yes, identify each contract that cost of removal is recovered. For each contract provide a summary of the contract period, pertinent pricing terms, including whether it is a stated rate, or a formula rate (i.e. subject to true-up, formula rate, etc), and how is the cost of removal recovered?
  - (b) Identify the cost of removal amounts recovered under each contract through December 31, 2002, that are attributable to the amounts reversed and included in CG&E compliance filing made pursuant to Order 631.

Response:

No.

**Dean, James**

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**From:** Barnhart, Christa  
**Sent:** Tuesday, July 08, 2003 11:32 AM  
**To:** Finnigan, John; Pope, Jim; Scheidler, John; Walker, Janice; Gambill, Barb; Moriarty, Kate  
**Cc:** Laub, Peggy; Dean, James  
**Subject:** FAS 143 wrap-up

Now that we have finished our implementation of FAS 143, the legal conclusions reached during that process will need to be monitored for any changes. Fixed Asset Accounting (Peggy Laub and Jim Dean) will also need to be made aware of any new developments that may create new asset retirement obligations. Please contact them if any of the following items occur:

- a. New law or regulation is issued that may create a new asset retirement obligation (Example: anticipated regulations on ash ponds are issued).
- b. New regulatory order is issued that may create a new asset retirement obligation (Example: requirement in IURC order to return Henry County plant site to original condition upon cessation of plant operations).
- c. Testimony is filed in a rate proceeding that could create a new asset retirement obligation under promissory estoppel.
- d. You become aware of any company representative making a public statement that could create a new asset retirement obligation under promissory estoppel.
- e. We acquire any new assets that have an asset retirement obligation (Example: acquisition of synfuel plants, such as Oak Mountain).
- f. We enter into new contracts that contain conditions for asset retirement (Example: agreement for BP project).
- g. Any other item that you feel should be evaluated for whether or not it creates a new asset retirement obligation.
- h. If your job responsibilities change such that you are no longer the appropriate person to contact for the issues we discussed with you during our implementation process, please let them know who the new contact person is.

Let me know if you have any questions.

**Christa Barnhart**  
**Accounting Research**  
**(317) 838-2193**

**Dean, James**

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**From:** Barnhart, Christa  
**Sent:** Monday, July 07, 2003 5:21 PM  
**To:** Laub, Peggy; Dean, James; Brewer, Dick; Nispel, Debbie; Meiers, Jim; Stieritz, Jim; Beck, David; Thorp, Jim  
**Cc:** McKee, Pat  
**Subject:** Current Environmental FAS 143 Obligations

**Attachments:** Environmental Obligations at 07-07-2003.doc; Wrapup meeting-environmental.doc

Attached below is the document requested in our meeting on 6/26. (Pat, I realize you were not in this meeting. I have just copied you for your reference since your name is listed in the first document attached below.) It lists the items that were determined to be asset retirement obligations (ARO) under FAS 143, the contact within Environmental, and the station/engineering contact. Note that obligations are only currently recorded for the first 4 items on the list. The last 2 will need to be monitored prospectively for any changes that cause the cost estimates to become more material such that we need to reconsider whether an asset retirement obligation should be recorded. Let me know if any changes should be made, especially as it relates to the contact people. For example, I know that Ron Ehlers is no longer in the position at Zimmer that he was in during our implementation.



Environmental  
Obligations at 0...

Just to make sure we are all on the same page, here is a high level summary of the results of our meeting:

- The cost estimates provided to Accounting during FAS 143 implementation will need to be reviewed annually to determine whether or not revisions are necessary to the AROs currently recorded. For example, the estimate for closure activities at the Gibson landfill will need to be revised to reflect current costs and the number of acres remaining to be closed. Fixed Asset Accounting and Environmental will coordinate as to the timing of when the annual reviews are to take place.
- Environmental will monitor the items listed in the document attached above for any changes in regulations, costs, etc., and will notify Fixed Asset Accounting of any such changes that might cause them to revise the amounts currently recorded for AROs prior to the annual reviews of such amounts.
- Environmental (Debbie) will send the environmental activity report to Fixed Asset Accounting after doing a high level review and noting any items that Fixed Asset Accounting may want to have further discussions on with Environmental and/or Legal to determine whether they rise to the level of being an ARO.
- Environmental will notify Fixed Asset Accounting if they become aware that any of the items listed in item 1 of the document attached below have occurred:



Wrapup  
meeting-environmental.

Let me know if there are any items that I have missed or that need clarification.

Thanks,  
**Christa Barnhart**  
**Accounting Research**  
**(317) 838-2193**

**Current FAS 143 Obligations – Environmental**

Obligation	Environmental Contact	Generating Station/Engineering Contact
1. Closure and post-closure activities for Gibson Station Scrubber Sludge Landfill	Jim Meiers	Gary Etolen (allocation of cost estimate to future periods) Jim Thorp (cost estimates)
2. Closure and post-closure activities for East Bend Landfill	Jim Stieritz	George Rettig (allocation of cost estimate to future periods) BBC&M Engineering (cost estimates)
3. Closure and post-closure activities for Zimmer Residual Waste Landfill	Jim Stieritz	Ron Ehlers (?) BBC&M Engineering (cost estimates and allocation to future periods)
4. Closure activities for Lawrenceburg Road Ash Landfill at Miami Fort Station	David Beck	Bob Gerbus (of TransAsh Inc., provided cost estimate) David Beck (timing of closure activities)
5. Closure activities for Pond Run Ash Landfill at Beckjord Station	David Beck	David estimated \$200,000 to complete proper closure. Due to immateriality, we did not pursue this any further. However, should this amount become more material, we would need to reconsider whether we should record an asset retirement obligation.
6. Closure of underground storage tanks	Pat McKee	Pat estimated \$1,000 for soil sampling and \$2,000 for tank cleanout and disposal. When multiplied by 70 tanks across the Cinergy system, the result was an immaterial amount. However, should this amount become more material, we would need to reconsider whether we should record an asset retirement obligation.

**Dean, James**

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**From:** Barnhart, Christa  
**Sent:** Wednesday, June 25, 2003 6:25 PM  
**To:** Laub, Peggy; Dean, James; Brewer, Dick; Nispel, Debbie; Meiers, Jim; Stieritz, Jim; Beck, David; Thorp, Jim  
**Subject:** meeting agenda  
**Attachments:** Wrapup meeting-environmental.doc

Attached below is an agenda for our meeting on Thursday. (Dick and Dave, I know you are unable to attend, but wanted to send this to you for your information and future reference.)



Wrapup  
meeting-environmental.

Thanks,  
**Christa Barnhart**  
**Accounting Research**  
**(317) 838-2193**

FAS 143 Wrap-up Meeting – Environmental  
6/26/2003

1. Contact Fixed Asset Accounting if any of the following occur:
  - a. New law or regulation is issued that may create a new asset retirement obligation (Example: anticipated regulations on ash ponds are issued).
  - b. New regulatory order is issued that may create a new asset retirement obligation (Example: requirement in IURC order to return Henry County plant site to original condition upon cessation of plant operations)
  - c. Testimony is filed in a rate proceeding that could create a new asset retirement obligation under promissory estoppel.
  - d. You become aware of any company representative making a public statement that could create a new asset retirement obligation under promissory estoppel.
  - e. We acquire any new assets that have an asset retirement obligation (Example: acquisition of synfuel plants, such as Oak Mountain).
  - f. We enter into new contracts that contain conditions for asset retirement (Example: agreement for BP project).
  - g. You become aware of any change that would significantly change the cost estimates we used in our initial implementation.
  - h. Any other item that you feel should be evaluated for whether or not it creates a new asset retirement obligation.
  - i. If your job responsibilities change such that you are no longer the appropriate person to contact for the issues we discussed with you during our implementation process, please let us know who the new contact person is.
  
2. Annual estimate updates
  - a. Time frame for obtaining
  - b. Will need to obtain updated estimates and evaluate whether or not they reasonably approximate the amounts currently recorded for asset retirement obligations.
  - c. Will also need to evaluate whether the timing of performing the retirement activities is still estimated to occur at the same dates.



**Dean, James**

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Attachment AG-DR-02-028  
Page 59 of 608

**From:** Barnhart, Christa  
**Sent:** Wednesday, June 25, 2003 6:34 PM  
**To:** Laub, Peggy; Dean, James  
**Subject:** RE: meeting agenda

As I was thinking about the meeting with Environmental and time frames on obtaining cost estimate updates, I recalled that they already update most of the estimates annually. However, I don't think all of them will necessarily fall into the October-November time frame that the three of us discussed previously. I'm not sure how receptive they would be to accelerating the timing of some of their processes, as I think some of them are driven by the timing of reporting requirements to the state environmental authorities. We can certainly ask them about it, but I wanted to know what your thoughts/concerns would be if they do not want to change the timing of their estimate updates. Let me know if we need to talk prior to our call with them.

(Peggy - has Jim Stieritz contacted you about coming to your office for the call? If not, I'll want to get in touch with him to find out where he will be.)

-----Original Message-----

**From:** Barnhart, Christa  
**Sent:** Wednesday, June 25, 2003 5:25 PM  
**To:** Laub, Peggy; Dean, James; Brewer, Dick; Nispel, Debbie; Meiers, Jim; Stieritz, Jim; Beck, David; Thorp, Jim  
**Subject:** meeting agenda

Attached below is an agenda for our meeting on Thursday. (Dick and Dave, I know you are unable to attend, but wanted to send this to you for your information and future reference.)

<< File: Wrapup meeting-environmental.doc >>

Thanks,

**Christa Barnhart**  
**Accounting Research**  
**(317) 838-2193**

**Dean, James**

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KyPSC Case No. 2006-00172  
Attachment AG-DR-02-028  
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**From:** Barnhart, Christa  
**Sent:** Wednesday, June 11, 2003 10:29 AM  
**To:** Laub, Peggy; Dean, James  
**Subject:** FAS 143 Wrap-up Meeting

**Attachments:** Wrapup meeting.doc

Here are the items I was planning to discuss in our meeting this afternoon. I thought it might be helpful for you to have this ahead of time. Peggy, I will plan on calling your office at 2:30 (3:30 your time).



Wrapup  
meeting.doc (27 KB)

**Christa Barnhart**  
**Accounting Research**  
**(317) 838-2193**

**Laub, Peggy**

KyPSC Case No. 2006-00172  
Attachment AG-DR-02-028  
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**From:** Barnhart, Christa  
**Sent:** Tuesday, May 27, 2003 11:34 AM  
**To:** Wenger, Kim; Melendez, Brenda; Ross, Benita  
**Cc:** Laub, Peggy; Pate, Gwen  
**Subject:** RE: Account 435300

I understand that you want to be technically correct by reclassifying this amount to where it should have been at 3/31/2003, but this would cause an amount to be presented as a cumulative effect adjustment in the second quarter financial statements, which we can't have. Our adoption date was 1/1/2003, and the cumulative effect was presented in the 3/31/2003 financial statements. The cumulative effect of adoption is a one-time amount and is not an ongoing account where items can continue to be recorded. Given the immateriality of the amount, this should be expensed instead. Let us know of any items like this that you find in the future so we can assess whether this same guidance would still apply.

-----Original Message-----

**From:** Wenger, Kim  
**Sent:** Friday, May 23, 2003 8:34 AM  
**To:** Barnhart, Christa; Melendez, Brenda; Ross, Benita  
**Cc:** Laub, Peggy  
**Subject:** Account 435300

Wanted to let you guys know that I'm booking a journal entry to debit the account 435300 for the amount of \$13,818.64. This is to transfer the RWIP as of December 2002 as a result of implementing FAS 143. We took care of most of the balance in March, but found these work orders this month. Let me know if you have any questions.

Thanks,

**Kim Wenger**

Fixed Asset Analyst

Phone: (513) 287-3305

Fax: (513) 287-4141

Kim.Wenger@Cinergy.com

**Laub, Peggy**

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**From:** Ritchie, Brett  
**Sent:** Tuesday, April 29, 2003 6:38 PM  
**To:** Melendez, Brenda; Laub, Peggy  
**Cc:** Ross, Benita; Barnhart, Christa  
**Subject:** RE: Mapping of CGE Account 411100

O&M sounds fine.

-----Original Message-----

**From:** Melendez, Brenda  
**Sent:** Tuesday, April 29, 2003 5:28 PM  
**To:** Laub, Peggy  
**Cc:** Ross, Benita; Ritchie, Brett  
**Subject:** RE: Mapping of CGE Account 411100

Based upon this info, my inclination is to map this to Other Operation. This would roll up into the Operation Expense line of the income statement. Brett, what are your thoughts? It looks like the amounts are minimal each month, so I don't think it warrants it's own line.

-----Original Message-----

**From:** Laub, Peggy  
**Sent:** Tuesday, April 29, 2003 10:46 AM  
**To:** Melendez, Brenda  
**Cc:** Ross, Benita  
**Subject:** RE: Mapping of CGE Account 411100

I don't think it should be mapped to Depreciation expense. It's not depreciation or amortization. It's more similar to an interest charge.

In the FERC NOPR they set out this expense separately on page 114 of the income statement for FERC form 1. It is the last line under operating expenses. It is not included on FERC page 336 which details out all the depreciation expense accounts.

Does that help?

-----Original Message-----

**From:** Melendez, Brenda  
**Sent:** Tuesday, April 29, 2003 10:35 AM  
**To:** Laub, Peggy  
**Cc:** Ross, Benita  
**Subject:** RE: Mapping of CGE Account 411100

I'm pretty sure we intend to map it to Depreciation. Is this the account that we were using a 405xxx for last month? I believe the 405 was mapped to depreciation. Is that where you believe it should be mapped?

-----Original Message-----

**From:** Laub, Peggy  
**Sent:** Tuesday, April 29, 2003 10:32 AM  
**To:** Melendez, Brenda  
**Subject:** Mapping of CGE Account 411100

Brenda,

Do you know where you are going to map new CGE account 411100 for Accretion Expense? I didn't want it to get assigned to the tax lines since the account numbering is similar. I think it should go to an operating expense line.

Let me know if you need anything from Fixed Assets.

Thanks

Peggy Laub

**Laub, Peggy**

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Attachment AG-DR-02-028  
Page 63 of 608

**From:** Carlson, Kim  
**Sent:** Wednesday, March 19, 2003 7:19 AM  
**To:** Laub, Peggy  
**Subject:** FW: SEC position regarding FAS 143 pro forma disclosures



Forward.txt

Heads up!

-----Original Message-----

**From:** Bitter, Robert (US - Cincinnati) [mailto:rbitter@deloitte.com]  
**Sent:** Tuesday, March 18, 2003 3:30 PM  
**To:** Roberts, Bernie; Blackwell, Barry  
**Cc:** Ritchie, Brett; Carlson, Kim; Good, Lynn (US - Cincinnati); Lonborn, Alan (US - Atlanta)  
**Subject:** FW: SEC position regarding FAS 143 pro forma disclosures

Attached below is some information regarding a position the SEC has taken with regard to SFAS No. 143 pro forma disclosures. This looks like another item that should be included in the restated annual financial statements that the Company is contemplating filing on Form 8-K.

Please call me if you would like to discuss.

Thanks,

- Bob

-----Original Message-----

**From:** Cannon, Albert (US - Cincinnati)  
**Sent:** Tuesday, March 18, 2003 1:54 PM  
**To:** #Cincinnati Audit Managers (US); #Cincinnati Audit Ptrs Dirs Prin at DTT.US.NO.REPLY; Carpenter, Jim C (US - Louisville)  
**Subject:** FW: SEC position regarding FAS 143 pro forma disclosures

FYI

-----Original Message-----

**From:** Wolfson, John (US - Wilton)  
**Sent:** Tuesday, March 18, 2003 1:31 PM  
**To:** US Professional Practice Dir  
**Subject:** SEC position regarding FAS 143 pro forma disclosures

At the March 11, 2003, AICPA SEC Regulations Committee meeting, the following topic was discussed with the SEC staff. The staff's tentative position, described below, is consistent with their views regarding the transitional pro forma disclosures required by paragraph 61 of SFAS 142, Goodwill and Other Intangible Assets. Registrants that are contemplating filing a registration statement in the next year should consider including the FAS 143 pro forma disclosures in their 2002 Form 10-K or 2003 Forms 10-Q. These pro forma disclosures provided in the Form 10-K or Form 10-Q should be provided for the

latest three fiscal years and any subsequent interim periods.

Topic: Transitional Pro Forma Disclosures under FASB Statement No. 143,  
Accounting for Asset Retirement Obligations (FAS 143)

Question: Should annual financial statements issued prior to the adoption of FAS 143 that are included in a registration statement be revised to include the transitional disclosures described in paragraph 27 of FAS 143 if the registration statement also includes interim financial statements which reflect the adoption of FAS 143? Would the conclusion be different if these previously issued annual financial statements are incorporated by reference, rather than included, in a registration statement?

Background: Paragraph 27 of FAS 143 states the following:

...an entity shall compute on a pro forma basis and disclose in the footnotes to the financial statements for the beginning of the earliest year presented and at the end of all years presented the amount of the liability for asset retirement obligations as if this Statement had been applied during all years affected. The pro forma amounts of that liability shall be measured using current (that is, as of the date of adoption of this Statement) information, current assumptions, and current interest rates.

FAS 143 is effective for fiscal years beginning after June 15, 2002. Earlier application is encouraged. Initial application is as of the beginning of an entity's fiscal year. If FAS 143 is adopted prior to the effective date and during an interim period other than the first interim period of a fiscal year, all prior interim periods of that fiscal year shall be restated.

Discussion: If annual financial statements issued prior to the adoption of FAS 143 are reissued and included in a registration statement subsequent to the issuance of interim financial statements reflecting the initial adoption of FAS 143, the annual financial statements should be revised to include the paragraph 27 transitional disclosures, if the amounts involved are material. This view is based on paragraph 27, which states that disclosure of pro forma information should be provided "...for the beginning of the earliest year presented and at the end of all years presented." This view is consistent with the SEC Staff's position on transitional disclosures required by paragraph 61 of FASB Statement No. 142, Goodwill and Other Intangible Assets (FAS 142).

If annual financial statements issued prior to the adoption of FAS 143 are reissued via incorporation by reference into a registration statement that also incorporates by reference interim financial statements reflecting the adoption of FAS 143, it is not clear whether those annual financial statements should

be revised to include the transitional disclosures required by FAS 143.

KyPSC Case No. 2006-00172  
Attachment AG-DR-02-028  
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Committee Recommendation: The committee felt that the annual financial statements generally need not be revised to include the transitional disclosures required by FAS 143. However, the determination of whether the annual financial statements should or should not be revised to include the transitional disclosures required by FAS 143 is an assessment that must be made by a registrant and its auditors. Depending on the outcome of that assessment, a registrant may be able satisfy the disclosure requirements by one of the following:

1. Including the transitional disclosures in the registration statement (data for only the three most recent years and interim periods would suffice, even if the transitional disclosures are included in a five-year table);
2. Filing the required disclosures or filing the annual financial statements, revised to include the transitional disclosures, in a Form 8-K that is incorporated by reference into the registration statement; or
3. Including the transitional disclosures in a Form 10-Q that is incorporated by reference into the registration statement.

**Tentative SEC Position:**

The SEC agrees with the Committee Recommendation. Irrespective of the method a registrant chooses for providing the transitional disclosures, the disclosures should be robust and transparent and should cover all periods for which financial statements are presented. The disclosures should include (or cross reference to) the date that SFAS 143 was adopted, a brief description of the standard, a discussion of the impact that adoption had on the financial statements, and the disclosures required by paragraph 27 . This message (including any attachments) contains confidential information intended for a specific individual and purpose, and is protected by law. If you are not the intended recipient, you should delete this message. Any disclosure, copying, or distribution of this message, or the taking of any action based on it, is strictly prohibited.

**Laub, Peggy**

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KyPSC Case No. 2006-00172  
Attachment AG-DR-02-028  
Page 66 of 608

**From:** Barnhart, Christa  
**Sent:** Tuesday, February 18, 2003 11:02 AM  
**To:** Douglas, Diana; Laub, Peggy; Dean, James  
**Subject:** ARO list

I apologize for the delay in sending this out. Below is a list of items we will definitely be recording asset retirement obligations for. The jury is still out on ash ponds. We should have a final conclusion by the end of this week. Also, while there is an ARO for river structures and river cells, we have been able to argue that these are indefinitely lived. D&T has concurred with this conclusion. As such, we only have to disclose that we have an ARO for these items.

**PSI**

- Gibson waste landfill - for closure and post-closure obligations
- Noblesville station - to remove boilers from coal-fired units from service permanently, to remove the stacks and precipitator structures from the roof of the existing building, and to complete and terminate coal and ash handling activities associated with removing the boilers in the coal-fired units from service. We are complying with this requirement by cutting the steam lines off the boilers and removing the stacks, structural steel, fans, galleries, and precipitators on the roof of the existing plant at Noblesville. We will also be completing abatement work for lead paint and asbestos in connection with this demolition. Mark Foster has indicated this activity will take place from June to November 2003.
- Henry County plant - for dismantling of station and returning land to greenfield site

**CG&E**

- Zimmer landfill - for closure and post-closure obligations
- East Bend landfill - for closure and post-closure obligations
- Miami Fort ash landfill - for closure obligations

Let me know if you have any questions.

**Christa Barnhart**  
**Accounting Research**  
**(317) 838-2193**



**INTERNAL CORRESPONDENCE**

To: Bernie Roberts, Peggy Laub, and Kim Carlson  
From: Brett Ritchie  
Subject: Cost of removal and FAS 143  
Date: January 9, 2003



**Background**

As many of you are aware, D&T had taken the position several months ago that FAS 143 continues to allow companies to accrue cost of removal as a charge to accumulated depreciation even when no legal obligation exists. We learned a few weeks ago that PricewaterhouseCoopers was advocating a different position. Their position was basically that FAS 143 precludes accrual of cost of removal unless a legal obligation exists. Based on that premise, companies not following FAS 71 would be required to reverse any accumulated cost of removal upon adoption as a cumulative effect adjustment. Companies following FAS 71 would be required to reclassify accumulated cost of removal to regulatory liabilities.

D&T has recently discussed this issue with the SEC staff. The SEC staff has indicated that they believe FAS 143 indeed does preclude accrual of cost of removal unless under FAS 71, and even in that case it must be reclassified. The SEC would plan to challenge any presentation not conforming to these guidelines. Needless to say the timing of this guidance is rather unfortunate, as we had been following D&T's position given the undesirable task of trying to compute the amount of cost of removal buried in accumulated depreciation for our portfolio of fixed assets.

**Implications to 2003**

As we will be adopting FAS 143 effective January 1, 2003, the required adjustments will affect the first quarter 2003 financial statements. The following is a brief chart of our companies and my initial thoughts on the required accounting based on this guidance:

Company	Type of Assets	Treatment on January 1, 2003
PSI	T&D	Reclassify to regulatory liability
	Generation	Reclassify to regulatory liability
CG&E	T&D	Reclassify to regulatory liability
	Generation	Cumulative effect adjustment
ULH&P	T&D	Reclassify to regulatory liability
CCT	Generation	Cumulative effect adjustment
International	????	Cumulative effect adjustment
PTIS	????	Cumulative effect adjustment
Cinergy Solutions	????	Cumulative effect adjustment

All amounts reclassified or taken as a cumulative effect adjustment should be gross of salvage value.

As for prospective accounting treatment, CG&E's generation and all other non-regulated assets would no longer be allowed to accrue cost of removal. Consequently, any cost of removal (gross of salvage value) must be removed from the depreciation provisions. However, such treatment is still appropriate for all assets covered by FAS 71 (PSI and CG&E T&D) except for the fact that the credit is now to a regulatory liability.

**INTERNAL CORRESPONDENCE**

**Next Steps**

Based on previous discussions with Peggy Laub and Jim Dean, it is my understanding that we require the assistance of our depreciation consultant for both the reclassifications/cumulative effect adjustments and establishing the breakdown of our current cost of removal rate between cost of removal and salvage. Given the adoption date of January 1, 2003, this process should begin as soon as possible.

We should share this information with our joint venture partners as well in the event that they may have cost of removal accruals on their books.

Bernie and I will be discussing how to disclose this issue in the 10-K given that, at least at this point, we do not know the income statement impact of the cumulative effect adjustment.

cc: Jim Dean  
Christa Barnhart  
Gwen Pate  
Steve Farmer  
Lee Howe  
Jack Steffen  
John Finnigan  
Jim Pope  
Mark Krabbe  
Julie Hollingsworth  
Mark Claeys  
Brian Davey  
Steve Lee  
Don Storck

## FAS 143 – Accounting for Asset Retirement Obligations (ARO)

- ### ARO
- ✓ On FASB's agenda since 1994
  - ✓ Started as nuclear decommissioning cost standard
  - ✓ Expanded to include other retirement obligations
  - ✓ Effective 1/1/03

- ### ARO – Retirement Obligations
- ✓ Requires recognition of legal obligation to retire a long-lived asset
    - Includes components of larger items
  - ✓ Excludes:
    - Moral obligation
    - Constructive obligation

- ### ARO – Why?
- ✓ Diversity in practice
    - Some don't recognize
    - Other accrue over time
      - As a contra-asset (in depreciation provision)
      - As a liability
  - ✓ Obligations meet GAAP definition of a liability
    - Duty or responsibility
    - Little or no discretion to avoid
    - Obligating event

- ### ARO – Legal Obligations
- ✓ Law
  - ✓ Statute
  - ✓ Ordinance
  - ✓ Contract (including oral)
  - ✓ Promissory Estoppel

- ### ARO – Legal Obligations
- ✓ Often times very clear
  - ✓ Expected waiver of contractual liability does not exclude from 143
    - Would affect full value of liability
  - ✓ May include conditional obligations
    - Opinion of another (e.g., gov't)
    - Does not include if conditional on event
  - ✓ Must be based on current circumstances (not permitted to forecast changes in laws)

### ARO - Legal Obligations

Example of obligation for Cnergy:  
**Future Abandonment Issues.** CnCap committed that, upon cessation of operation of the (Cadiz) plant, it will dismantle the plant completely, including the concrete foundations, and will restore the land to a conforming use under the County Comprehensive Plan.

Plant Order No. 4226 (CnCap approval)

### ARO - Legal Obligations

An ARO does not need to be a significant retirement obligation

- Specific requirements to dispose of component parts in certain manner likely qualify
- Such requirements may not be individually material, but when aggregated may be

### ARO - Promissory Estoppel

Promise to retire and others relied on that promise (including public)

Example: Company A plans to leave building in place at end of life

- Significant public pressure to demolish
- CEO makes statements that Company A will demolish the building

Legal Counsel will be needed to make assessment

### ARO - Recognition

Liability must initially be measured at fair value

Fair value is:

- Amount a 3rd party would charge to assume obligation
- Generally, calculation will be DGF, but cannot assume internal savings
- Will require probabilistic cash flow analysis

### Cost Estimate Example

Notes: Based on source 1/1/05  
 Labor costs = require market analysis

Category	Price/Bid	Estimate
Construction	\$/sq ft	\$100,000
Equipment	\$/hr	20,000
Materials	\$/cu yd	175,000
Overhead	%	100,000

Other assumptions:  
 Contract and equipment charges = 50% of labor costs  
 Contractor markup = 20% of labor and overhead  
 Inflation = 3%  
 Market risk premium = 5% of inflation adjusted cash flows

### Cost Estimate Example (cont.)

Expected labor costs	141,250
Overhead and equipment (50% x 141,250)	105,938
Contractor markup (20% x 141,250 + 105,938)	47,250
Materials (175,000)	175,000
Inflation assuming 3% x 5 years	23,917
Expected cash flows (inflation)	493,355
Market risk premium (5% x 10,849)	20,882
Expected cash flows adjusted for market risk	472,473

### ARO - Recognition

- Liability adjusted for:
  - Passage of time - must be accreted over time (function of discounting)
  - Timing of cash flows
  - Amounts of cash flows
  - NOT solely for changes in interest rates
- Liability may be recorded at single point in time or over multiple periods
  - Requirement to demolish building (single)
  - Landfill (over time)

### ARO - Accounting

- Balance Sheet:
  - Debit - Property, plant, and equipment
  - New liability
    - Changes in timing or amount cash flows
  - Credit - Retirement liability
- Income Statement:
  - Additional depreciation
  - Accretion of liability - recorded as operating expense (precluded from recording as interest)

### ARO - Example

Building w/retirement obligation 1,000,000  
 Remaining depreciable life 16 years

Retire 9/1/04 (obligating event occurs 1/1/04)

Probability weighted cash flows	200,000
Discount Rate	8.0%
PV of cash flows	92,539

<b>New Liability</b>	<b>Revised Asset</b>
	1,000,000 Original
82,539	92,539 Increment
<b>82,539</b>	<b>1,092,539</b>

### ARO - Example (Cont'd)

Liability Accretion	Depr.		Income Statement	
			2004	2005
\$2,000	1,092,539	Revenue	300,000	300,000
8.0%	10	Exp.:	(85,000)	(85,000)
7,411	109,264	Depreciation	(100,000)	(109,264)
		Accretion		7,411
		Interest	(18,000)	(15,000)
		Net Income	100,000	83,325

\* When assets are regulated, EPS impact may be minimized by FAS 71.

### ARO - Transition

- Recognize
  - Assets, liabilities and accum. depr.
- Change in accounting principle from obligating event date to 1/1/03 for:
  - Depreciation
  - Accretion

### ARO - Possible Energy Issues

- Possibilities:
  - Fly ash pits
  - Generating stations
  - Transformers
  - Gas lines
  - Transmission and distribution poles (State law or specific ROW requirements)
  - Does receipt of cost of removal in rates create a legal obligation to retire those assets?

**ARO – Effective Date**

- ✓ January 1, 2003
- ✓ Why so long?
  - Difficulty in making all assessments about what is and isn't a legal obligation

**Questions?**

## INTERNAL CORRESPONDENCE

KyPSC Case No. 2006-00172  
Attachment AG-DR-02-028  
Page 73 of 608

To: Bernie Roberts  
From: Christa Barnhart  
Subject: Summary of Accounting Requirements for FAS 143  
Date: June 3, 2002  
File Number: 2002-024



In June 2001, the FASB issued Statement of Financial Accounting Standards No. 143, *Accounting for Asset Retirement Obligations*. It addresses the accounting and reporting for an asset retirement obligation (ARO) and the associated asset retirement cost.

### Scope

FAS 143 applies to legal obligations associated with an asset retirement that result from the acquisition, construction, development, and/or the normal operation of a long-lived asset or component parts of a larger system. It does not apply to obligations arising solely from plans to dispose of an asset, obligations resulting from the improper operation of an asset (spills, accidental contamination, etc.), or obligations associated with maintenance of an asset.

Legal obligations are those that an entity is required to settle because of an existing or enacted law, statute, ordinance, written contract, or oral contract. A legal obligation can also arise under the doctrine of promissory estoppel, which allows enforcement of a promise made by one party that is reasonably relied upon by another party to its detriment. For example, an entity plans to leave a building in place at the end of its useful life, but significant public pressure exists for the company to demolish the building. The company's CEO makes a public statement that it will demolish the building. If the company does not demolish the building, it can still be held accountable for the CEO's statement under the doctrine of promissory estoppel.

A conditional obligation to perform a retirement activity is also within the scope of FAS 143. For example, a governmental group may retain the right or option to decide whether to require a retirement activity. Uncertainty about whether the performance of a retirement activity will be required does not exempt an entity from recording an ARO liability. Additionally, an entity is not exempt from recording an ARO liability if it expects a waiver of a contractual liability. Instead, the uncertainty or expectation should be factored into the measurement of the liability's fair value (discussed below).

### Initial Recognition and Measurement of ARO Liability

An ARO is recognized when it meets the three essential characteristics of a liability:

- It is a present duty or responsibility that will require settlement by a probable future transfer or use of assets;
- The entity has little or no discretion to avoid the future sacrifice; and
- The obligating event has occurred.

An entity should recognize the fair value of an ARO liability in the period incurred if it can reasonably estimate its fair value. ~~The ARO should not be netted with the salvage value of any asset in presentation on the balance sheet. If a reasonable estimate of fair value cannot be made in the period the ARO liability is incurred, the liability should be recorded when such an estimate can be made. The fair value of an ARO liability is the amount at which the liability could be settled in a current transaction between willing parties. If available, quoted market prices should be used to measure fair value. Most often, it is expected that companies will need to use discounted cash flow analysis since quoted market prices would likely not be available for most obligations.~~

~~If a present value technique is used to estimate fair value, the expected cash flow approach should be used. Under this approach, multiple cash flow scenarios are probability weighted. The result is discounted at a credit-adjusted risk-free~~

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rate<sup>1</sup> to calculate an estimate of fair value. The cash flow scenarios should incorporate assumptions that other marketplace participants would use in their estimates of fair value, such as:

- The costs that a third party would incur in performing the necessary tasks;
- Other amounts a third party would include in determining the settlement price, including inflation, overhead, equipment charges, profit margin, and advances in technology;
- The extent to which the amount of a third party's costs or their timing would vary under different future scenarios and the relative probabilities of those scenarios; and
- The price that a third party would demand and expect to receive for bearing the uncertainties and unforeseeable circumstances inherent in the obligation (market risk premium).

An ARO liability may be incurred at a single point in time or over more than one reporting period. For example, an obligation to demolish a building would be recorded at a single point in time (which for some assets can be the day it goes in service). However, a landfill may be retired in sections over time as it becomes full. The corresponding ARO liability would therefore also be recorded over time. Any incremental liability incurred in a future reporting period is considered to be a layer of the original liability, and each layer is initially measured at fair value.

Upon initial recognition of an ARO liability, an entity should capitalize the asset retirement cost by increasing the carrying amount of the related long-lived asset by the same amount as the liability. The increment to the asset basis would be depreciated over the life of the asset.

### **Subsequent Recognition and Measurement**

After initial measurement of an ARO liability, an entity should recognize period-to-period changes resulting from (a) the passage of time, and (b) revisions to either the timing or the amount of the original estimate of undiscounted cash flows (note that the liability is not adjusted solely for changes in interest rates). Changes due to the passage of time should be measured and incorporated into the carrying amount of the liability before changes resulting from a revision to the timing or amount of estimated cash flows.

Changes in an ARO liability resulting from the passage of time should be measured by applying an interest method of allocation to the amount of the liability at the beginning of the period. The credit-adjusted risk-free rate used when the ARO liability was initially measured should be used to measure the change. The resulting amount is recognized as an increase in the carrying amount of the ARO liability and as an expense classified as an operating item in the income statement (accretion expense). This is not to be considered interest expense.

Changes resulting from revisions to the amount or timing of future cash flows are recognized as an increase or decrease in (a) the carrying amount of the ARO liability, and (b) the related asset retirement cost capitalized as part of the carrying amount of the related long-lived asset. Upward revisions in the amount of undiscounted estimated cash flows should be discounted using the current credit-adjusted risk-free rate. Downward revisions should be discounted using the credit-adjusted risk-free rate that existed when the original liability was recognized (similar to LIFO layers).

### **Impact of Cost of Removal on Utilities**

Rate-regulated utilities collect amounts through rates for cost of removal, with these amounts typically being recorded through the depreciation provision as accumulated depreciation. One question surrounds whether a legal obligation is created by the fact that a cost of removal component is included in rates. This is a facts and circumstances decision. The SEC staff has indicated that they believe FAS 143 precludes accrual of cost of removal unless under FAS 71, and even in that case it must be reclassified. If the removal cost is an ARO, amounts recorded in accumulated depreciation for gross<sup>2</sup> removal cost should be subsumed into the ARO upon adoption of FAS 143 (regardless of whether FAS 71 is applicable or not). If the removal cost is not an ARO, amounts recorded in accumulated depreciation for gross removal cost must be reclassified. For non-regulated companies, the reclassification will be to a cumulative effect of change in accounting principle. For regulated companies, the reclassification will be to a regulatory liability.

On an ongoing basis, a utility following FAS 71 that has cost of removal in its rates will adjust the non-regulated GAAP expense following the provisions of FAS 143 to the amount allowed in rates by debiting or crediting a regulatory asset or

<sup>1</sup> Treasury rate with comparable maturity, adjusted for an entity's credit spread.

<sup>2</sup> The ARO cost estimates will also need to be on a gross basis.



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liability. This only applies if the asset has an associated retirement obligation and we believe that over or under recovered amounts will be settled through future revenue adjustments.

### **Disclosures**

An entity should disclose the following about its ARO liabilities:

- A general description of the ARO and the associated long-lived asset;
- The fair value of assets that are legally restricted for purposes of settling ARO liabilities; and
- A reconciliation of the beginning and ending carrying amount of AROs showing separately (whenever there is a significant change in one or more of) the following components:
  1. Liabilities incurred in the current period;
  2. Liabilities settled in the current period;
  3. Accretion expense; and
  4. Revisions in estimated cash flows.
- If the fair value of an ARO liability cannot be reasonably estimated, that fact and the reasons for that fact should be disclosed.

### **Effective Date and Transition**

FAS 143 is effective for Cinergy on January 1, 2003. If adopted early and during an interim period that is not the first interim period of the fiscal year, all prior interim periods of that year must be restated.

Upon initial application of FAS 143, the following must be recognized:

- A liability for any existing AROs adjusted for cumulative accretion to the date of adoption of FAS 143;
- An asset retirement cost capitalized as an increase to the carrying amount of the long-lived asset; and
- Accumulated depreciation on that capitalized cost.

Amounts resulting from initial application should be measured using current (as of the adoption date) information, current assumptions, and current interest rates. The cumulative effect of initial application should be recognized as a change in accounting principle in accordance with APB 20. The cumulative effect is the difference between the amounts recognized in the balance sheet prior to application of FAS 143 and the net amount recognized in the balance sheet pursuant to FAS 143. If the assets are regulated and recovery of the retirement costs would be expected, the transition adjustment amount would be reflected as a regulatory asset or liability.

An entity must also compute on a pro forma basis and disclose in the footnotes to the financial statements for the beginning of the earliest year presented and at the end of all years presented the amount of the ARO liability as if FAS 143 had been applied during all periods affected. The pro forma amounts should be measured using current (as of the adoption date) information, current assumptions, and current interest rates.

### **Examples**

Attached in the spreadsheet below are examples of the calculations required by FAS 143 under varying sets of facts.



"FAS 143  
examples.xls"

09803-020445

**ARO Example Entries**

	Subject to FAS 71				Not Subject to FAS 71			
	ARO	No ARO	ARO	No ARO	ARO	No ARO	ARO	No ARO
Asset book value	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Asset life	25 yrs.	25 yrs.	25 yrs.	25 yrs.	25 yrs.	25 yrs.	25 yrs.	25 yrs.
Asset in-service date	1/1/1993	1/1/1993	1/1/1993	1/1/1993	1/1/1993	1/1/1993	1/1/1993	1/1/1993
Credit-adjusted risk-free rate	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Depreciation rate:								
Cost	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Salvage value	-0.2%	-1.0%	-0.2%	-1.0%	-0.2%	-1.0%	-0.2%	-1.0%
Cost of removal	1.0%	0.2%	1.0%	0.2%	1.0%	0.2%	1.0%	0.2%
<b>Total</b>	<b>4.8%</b>	<b>3.2%</b>	<b>4.8%</b>	<b>3.2%</b>	<b>4.8%</b>	<b>3.2%</b>	<b>4.8%</b>	<b>3.2%</b>

**Current A/D recorded for:**

Net salvage	(20,000)	(100,000)	(20,000)	(100,000)	(20,000)	(100,000)	(20,000)	(100,000)
Gross cost of removal	100,000	20,000	100,000	20,000	100,000	20,000	100,000	20,000

ARO @ 1/1/2003	300,000	300,000	-	-	300,000	300,000	-	-
ARO @ 1/1/1993	200,000	200,000	-	-	200,000	200,000	-	-
Difference	100,000	100,000	-	-	100,000	100,000	-	-
Depreciation of ARO from inception date to transition date	80,000	80,000	-	-	80,000	80,000	-	-

**Transition journal entries:**

Change in accounting principle	80,000	160,000	(100,000)	(20,000)	80,000	160,000	(100,000)	(20,000)
PP&E - asset retirement cost	200,000	200,000	-	-	200,000	200,000	-	-
A/D - cost of removal	100,000	20,000	100,000	20,000	100,000	20,000	100,000	20,000
A/D - asset retirement cost	(80,000)	(80,000)	-	-	(80,000)	(80,000)	-	-
ARO	(300,000)	(300,000)	-	-	(300,000)	(300,000)	-	-

Change in accounting principle	(80,000)	(160,000)	100,000	20,000	-	-	-	-
Regulatory asset/(liability)	80,000	160,000	(100,000)	(20,000)	-	-	-	-

**Ongoing ARO related journal entries:**

Depreciation expense	8,000	8,000	-	-	8,000	8,000	-	-
Accumulated depreciation	(8,000)	(8,000)	-	-	(8,000)	(8,000)	-	-
Depreciation of asset retirement cost.								

Accretion expense (A)	18,000	18,000	-	-	18,000	18,000	-	-
ARO	(18,000)	(18,000)	-	-	(18,000)	(18,000)	-	-
Equals credit-adjusted risk-free rate x current ARO balance.								

Regulatory asset	16,000	24,000	-	-	-	-	-	-
Operating expense	(16,000)	(24,000)	-	-	-	-	-	-
Equals difference between GAAP expense (depreciation and accretion above) and amount permitted for recovery for cost of removal through rates. (B)								

**Ongoing traditional entries**

Depreciation expense	38,000	30,000	48,000	32,000	38,000	30,000	38,000	30,000
Accumulated depreciation	(38,000)	(30,000)	(48,000)	(32,000)	(38,000)	(30,000)	(38,000)	(30,000)
Depreciation of asset (assumes no expensing for COR, except for columns 3 and 4, for which cost of removal is extracted in the next journal entry). (C)								

Accumulated depreciation	-	-	10,000	2,000	-	-	-	-
Regulatory liability	-	-	(10,000)	(2,000)	-	-	-	-

To set up regulatory liability for amount by which rate recovery exceeds GAAP retirement expense (extracts gross cost of removal).

(A) The amount in this journal entry will not be constant on an ongoing basis. It will increase as the retirement date is approached.

(B) Assumes that future under / over recovery is probable of recovery / refunding through future rates.

(C) The SEC staff has indicated that FAS 143 precludes accrual cost of removal unless an entity is under FAS 71, and even in that case, it must be reclassified.

09603-020446

**Barnhart, Christa**

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**From:** Laub, Peggy  
**Sent:** Wednesday, April 30, 2003 12:53 PM  
**To:** Barnhart, Christa  
**Subject:** RE: FAS 143

For all corps except for CGE the RWIP amount is the account balance in account 108410.

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For CGE the amount is the balance in account 108410 and 108545 less the amount for non-regulated property of 16,364,493.99

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-----Original Message-----

**From:** Barnhart, Christa  
**Sent:** Wednesday, April 30, 2003 11:09 AM  
**To:** Laub, Peggy  
**Subject:** RE: FAS 143

Can I have a copy of the report you ran to obtain the RWIP numbers for our files? Thanks.

-----Original Message-----

**From:** Laub, Peggy  
**Sent:** Friday, April 25, 2003 3:49 PM  
**To:** Hummel, Jim; Glenn, Erica  
**Cc:** Barnhart, Christa; Ritchie, Brett  
**Subject:** FAS 143

Here is the cost of removal in accumulated reserve for regulated assets.



Regulated Property  
- COR.xls

I think you have everything you need from me now.

Peggy Laub  
Fixed Asset Accounting  
513-287-4291

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09603-020447

C:\Documents and Settings\19489\Local Settings\Temporary Internet Files\OLK11\Regulated Property - COR.xls

Cost of Removal in Regulated Assets  
December 31, 2002

	CGE (1)	Law Gas	ULHP	PSI
<del>COR - 12/31/2002</del>	<del>128,347,460</del>	<del>924,646</del>	<del>26,499,362</del>	<del>334,053,575</del>
RWIP 12/31/2002	-8,632,794	107,397	-1,288,995	-18,093,730
COR In Reserve	119,714,666	1,032,043	25,210,367	315,959,845

(1) Excludes production and step-up transformers which are non-regulated property

**Rules for Charging Cost of Removal for EMBU Under FAS 143 (effective 1/1/03)**

**A. For Entities with Non-Regulated Generation (CG&E, Brownsville, Caledonia):**

For all assets except those on the list of ARO Assets (Item C.):

- **The only cost that can be charged to a retirement work order and retirement account 108410 or 108545 is salvage – use activity SALVGEM for salvage costs**
- **All other costs of removal of equipment, whether due to replacement or retirement of the equipment due to age or due to construction of a new asset which caused the equipment to need to be removed, must be expensed to a maintenance account**
- **New “cost of removal” accounts have been set up within the production maintenance series of accounts (all new accounts end in “108”, e.g.: 512108 for cost of removal of boiler plant) – no retirement work order is to be taken out or charged for these costs - use activity REMOVAL for costs of removal**
- **Continue to use the appropriate project and program**
- **To manage total costs for the project, a report will need to be run from FRT for the project containing both capital and maintenance accounts or work types (maintenance work type is 20) (will not be able to use capital reports only or will miss the cost of removal portion of the project)**
- **Charges should be corrected back to 01/01/03**
- **Use these same procedures on CPGS (Corp. 210) when doing work for CG&E, Brownsville, or Caledonia production plant (same account #'s as for CG&E, Brownsville and Caledonia – same lack of retirement work order for cost of removal)**
- **See attached spreadsheet for list of new accounts to use for cost of removal**

**B. For Entities with Regulated Generation (PSI, Madison, Cadiz):**

For all assets except those on the list of ARO Assets (Item C.):

- **No change for now on accounts – continue to charge both salvage and costs of removal to retirement work order and account 108410 (note: prior to becoming part of PSI, account 108545 was used for Madison and Cadiz)**
- **Use activity SALVGEM for salvage and RETRMENT for costs of removal**
- **Fixed Assets Accounting will be reclassifying cost of removal charges monthly or quarterly from account 108 to a regulatory asset account at a high level (not project, center, or business segment)**

**C. For assets designated as those requiring the recognition of an Asset Retirement Obligation under FAS 143:**

- **Asset Retirement Obligation (ARO) assets include any asset for which a legal obligation to remove or decommission an asset exists; current ARO assets include:**
  - **Noblesville – removal of various components of old units in connection with air permit for repowered units (removal of boilers from coal-fired units from service permanently, removal of the stacks and precipitator**

structures from the roof of the existing building, and completion and termination of coal and ash handling activities associated with removing the boilers in the coal-fired units from service)

- Ash Landfills (Miami Fort) – note: must charge costs for interim capping, building up the sides of landfills, and final closures on the top to a retirement work order, account 108 and REMOVAL activity, not construction as was done in the past
- ~~Waste Landfills (Zimmer, Gibson, East Bend) – note: must charge costs~~ for interim capping, building up the sides of landfills, and final closures on the top to a retirement work order, account 108 and REMOVAL activity, not construction as was done in the past
- Final Removal/Decommissioning Cost for Cadiz (Henry County) (Note: cost of removal of individual items of equipment during Cadiz's useful life should be treated as other regulated assets and not as ARO)
- No change on accounts – continue to charge both salvage and costs of removal to retirement work order and account 108
- Use activity SALVGEM for salvage and REMOVAL for costs of removal
- Fixed Assets Accounting will be reclassifying cost of removal charges monthly or quarterly from account 108 to an ARO liability account (230850) at a high level (not project, center, or business segment)
- Users should contact Fixed Assets Accounting if any cost of removal has been incurred already during 2003 or is anticipated for an ARO asset
- Salvage will continue to be charged to existing 108 accounts and to a retirement work order even if a new account is designated for the cost of removal piece

**D. For All Assets:**

Whenever salvage and costs of removal can be separately identified from construction costs, they should be charged according to the above rules to conform with FERC and GAAP rules.

Cost of Removal = Direct costs to remove the equipment (labor, contractor labor, special materials or equipment needed for the removal)

Initial internal guidelines: Any indirect costs (like scaffolding, opening up a turbine, etc.) that are required to install or construct the new asset should be charged to the capital project, even if also incidentally used to remove old equipment. If the indirect costs will also be used to support maintenance projects as well as capital, they should be allocated between capital and maintenance (excluding the cost of removal).

# FAS 143 Implementation for EMBU

DLD 3/12/03

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## FAS 143 Implementation for EMBU

DLD 3/12/03

### Executive Summary

A new accounting pronouncement, FASB Statement of Financial Accounting Standards No. 143, *Accounting for Asset Retirement Obligations*, is effective for Cinergy on January 1, 2003. This will affect how we account for the cost of retirement of our generating station property, plant and equipment.

The intent of the new rules is to ensure companies account for costs associated with retirement of plant, property and equipment in a consistent manner, whether a legal obligation to retire exists or not. Also, it was adopted to ensure that when a legal obligation exists, a liability is recorded on the company's books and appropriate disclosures made so shareholders are aware of the liability.

Specific impacts on EMBU from implementation of FAS 143 include:

- Cost of removal for non-regulated companies (CGE generation, Caledonia, Brownsville, as well as CG&E's share of non-operated jointly owned stations, Killen, Stuart and Conesville) will need to be charged to maintenance expense in 2003 and thereafter, even though budgeted as capital for 2003 (\$4.2 million budgeted for 2003.) This will also increase the amount charged to DP&L and AEP for maintenance for the jointly owned stations we operate (cost of removal was included in capital when budgets were exchanged.)
- Depreciation expense on the non-regulated companies should go down to theoretically offset this due to removal of the impacts of cost of removal from the depreciation rate, however, because a complete depreciation study is being conducted for CG&E, other changes in depreciation may result. So we cannot estimate yet whether this will really go down or go down enough to offset the increase in maintenance costs.
- This direct expense vs. depreciation rate method for expensing cost of removal for non-regulated entities will lead to volatility in O&M expense, with higher O&M expense in years when major assets are retired, especially should an entire generating unit or station be retired.
- There will be a one-time adjustment made as a cumulative effect of a change in accounting principle (after operating income, before net income) to reverse the portion of depreciation expense that has been recognized through 12/31/02 for cost of removal for existing assets. This will be offset by expensing any cost of removal which has been recorded in the 108 account for these assets. It is expected this adjustment will be a large favorable one-time adjustment to earnings (\$63 mil.)
- Notification to Legal and Accounting will need to be made whenever a situation arises or is planned that could result in a promise or liability to remove or retire an asset.
- For assets with ARO treatment (ash landfills, waste landfills, final retirement of Cadiz station, retirement of the coal related portion of Noblesville station), expense will be higher in the asset's later years than in earlier years.
- Implementation will require users to charge cost of removal differently (different work codes for cost of removal, no retirement work order required for cost of removal for non-regulated assets.).
- ~~Interim capping, building up sides and final closures on the top of landfills will now all be charged to a retirement work order, retirement account and REMOVAL activity.~~



## FAS 143 Implementation for EMBU

DLD 3/12/03

### Background

In June 2001, the FASB issued Statement of Financial Accounting Standards No. 143, *Accounting for Asset Retirement Obligations*. It addresses the accounting and reporting for an asset retirement obligation (ARO) and the associated asset retirement cost, as well as accounting for the cost of removal for all other assets that are long-lived or a component of a long-lived asset. (This "long-lived" definition covers all of our generating station property, plant and equipment.) The intent of the new rules is to ensure companies account for costs associated with retirement of plant, property and equipment in a consistent manner, whether a legal obligation to retire exists or not. Also, it was adopted to ensure that when a legal obligation exists, a liability is recorded on the company's books and appropriate disclosures made so shareholders are aware of the liability. FAS 143 is effective for Cinergy on January 1, 2003.

Corporate Accounting Research, Fixed Asset Accounting, Environmental, and Cinergy Legal have been responsible for developing guidance for FAS 143 implementation and identifying the assets that qualify for recognition of an ARO. They are developing, with the assistance of depreciation consultants, the amounts to be recognized as an ARO, new depreciation rates that exclude cost of removal, and the journal entries needed for the transition to the new rules. Discussions have been held with both of the CG&E joint owners to ensure all three companies are as consistent as possible in interpretation and implementation of the new rules. The same discussions have occurred with the PSI joint owners so they are aware of Cinergy's plans.

As a result of the adoption of FAS 143, FERC issued a Notice of Proposed Rulemaking (October 30, 2002) to address the accounting issues for regulated entities under its jurisdiction. This document outlines changes to the FERC chart of accounts and definitions for costs to be included in those accounts for consistency with FAS 143 requirements. This guidance is clear for the ARO portion of FAS 143, but does not clearly provide guidance for the cost of removal changes (modifies the definition of the retirement account only to exclude ARO assets, not cost of removal for non-ARO assets).

### Current Accounting Practice at Cinergy for Cost of Removal

To date, Cinergy has adhered to the guidelines in the FERC Code of Federal Regulations (CFR) for accounting for cost of removal, namely, costs related to cost of removal have been charged to FERC account 108 (Cinergy uses account 108410 for retirement costs for regulated plant and 108545 for non-regulated plant) and an associated retirement work order. As such, these costs do not directly result in an expense on the income statement. Rather, an estimate of the retirement cost is made when determining the depreciation rate for the asset and a portion of the depreciation rate is related to cost of removal. So, over time, the cost of removal is expensed through the depreciation line on the income statement along with the construction cost for the asset and with estimated salvage value (normally a reduction in cost). For any individual asset, the amount

## **FAS 143 Implementation for EMBU**

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expensed could be more or less than the actual cost of removal incurred for that asset at actual time of retirement or removal, especially since Cinergy uses composite depreciation rates, rather than specific rates. Any salvage value (positive or negative) is also credited (or charged) to the 108 account. Cinergy has used these guidelines for all assets, whether regulated or non-regulated and whether a legal liability to retire the asset exists or not.

### **Cinergy Assets Requiring Asset Retirement Obligation Treatment Under FAS 143**

Final determination has not been made on all assets to be designated as assets requiring ARO treatment under FAS 143. Those that have definitely been designated as such include:

- Ash landfills (Miami Fort)
- Waste landfills (Zimmer, East Bend and Gibson)
- Final removal/decommissioning cost (dismantling station and returning it to a green-field site) for Cadiz (Henry County) (note: retirements or removal of individual pieces of equipment at Cadiz will not be affected by this ARO treatment and will continue to be accounted for like other regulated plant)
- Noblesville station – removal of boilers from coal-fired units from service permanently, removal of the stacks and precipitator structures from the roof of the existing building, and completion and termination of coal and ash handling activities associated with removing the boilers in the coal-fired units from service (We are complying with this requirement by cutting the steam lines off the boilers and removing the stacks, structural steel, fans, galleries, and precipitators on the roof of the existing plant at Noblesville. We will also be completing abatement work for lead paint and asbestos in connection with this demolition.)

In addition, some other Energy Merchant business unit assets were considered for ARO treatment, but were not designated as requiring this accounting treatment:

- SCR catalysts

There are no FAS 143 legal obligations for removal of T&D or gas assets.

If new legal liabilities arise related to retirement of new or existing assets, ARO treatment will need to be adopted for those assets. A legal liability for asset retirement can arise from a law, regulation, contract, settlement or promise. Notice will need to be given to Cinergy Legal, Fixed Asset Accounting, and Corporate Accounting Research if we think we have incurred a new legal liability.

## FAS 143 Implementation for EMBU

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accumulated cost of removal (which will be in a 108 account). Accounting for salvage costs is not changed (still capitalized to 108 and depreciated as a portion of the depreciation rate.)

### Transition

Because adjustments will be required in the depreciation rates for the non-regulated companies and a complete depreciation study has not been conducted for CG&E for some years, Fixed Assets Accounting has engaged a depreciation consultant to do a complete depreciation study for CG&E. This will likely mean changes in the rates and amount of depreciation due to reasons other than the FAS 143 requirements (changes in estimates of useful life, etc.) It is anticipated this will be complete in the 1<sup>st</sup> quarter of 2003.

For Cinergy implementation, Corporate Accounting Research and Fixed Assets Accounting have initially determined that cost of removal expenditures for regulated assets can continue to be charged to the 108 account. Back-end transfers will be made within the plant accounting system or by journal entry by Fixed Assets Accounting to move the costs to the appropriate account for regulatory accounting purposes. EMBU will use separate activities to designate salvage from cost of removal to facilitate the transfers to the appropriate accounts.

The accumulated cost of removal included in the 108 account through 12/31/02 for non-regulated assets (both accumulated depreciation for cost of removal included in depreciation rates and any cost of removal directly charged to 108) will need to be removed from the account and will be treated as an adjustment to earnings as a cumulative effect of a change in accounting principle. This will be a business unit charge, but not a business segment or individual center charge. This is expected to be a positive adjustment of about \$63 mil.

### Impacts on EMBU

#### *For Non-Regulated Companies*

*(All CG&E Stations including Stuart, Killen, Conesville; Brownsville, Caledonia)*

- ~~Cost of removal will need to be charged to maintenance expense in 2003 and thereafter, even though budgeted as capital for 2003 (\$4.2 million budgeted for 2003.)~~  
This will include CG&E's share of cost of removal for jointly owned stations Killen, Stuart and Conesville. This will also increase the amount charged to DP&L and AEP for maintenance for the jointly owned stations we operate (cost of removal was included in capital when budgets were exchanged.)
- Depreciation expense should go down to theoretically offset this due to removal of the impacts of cost of removal from the depreciation rate, however, because a

## FAS 143 Implementation for EMBU

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complete depreciation study is being conducted for CG&E, other changes in depreciation may result. So we cannot estimate yet whether this will really go down or go down enough to offset the increase in maintenance costs.

- This direct expense vs. depreciation rate method for expensing cost of removal will lead to volatility in O&M expense, with higher O&M expense in years when major assets are retired, especially should an entire generating unit or station be retired.
- For assets with ARO treatment, expense will be higher in the asset's later years than in earlier years.
- Implementation will require users to charge cost of removal differently (see implementation specifics below.)

### *For Regulated Companies*

*(All PSI Stations including Madison and Cadiz\*)*

- To the extent the asset and its associated cost of removal are recoverable through rates, there will be no earnings impact from the new requirements.
- Implementation will require users to charge cost of removal differently (see implementation specifics below.)

\* If any cost of removal had been incurred prior to the transfer of Madison and Cadiz to PSI on 2/5/02, it would need to be expensed as outlined above for other non-regulated assets.

### *For All Companies*

- Notice will need to be given to Cinergy Legal, Fixed Asset Accounting, and Corporate Accounting Research if we think we have incurred a new legal liability to retire an asset.
- Notice will need to be given to Fixed Asset Accounting when we begin incurring costs to remove assets which have been designated as assets subject to ARO treatment.
- Interim capping, building up sides and final closures on the top of landfills will now all be charged to a retirement work order, retirement account and REMOVAL activity.

## Implementation Required by EMBU

### *For Non-Regulated Companies*

*(CG&E, Brownsville, Caledonia)*

- New accounts will need to be set-up for maintenance on the non-regulated companies and CPGS (separate maintenance accounts required per Bob Bitter of Deloitte.)
- Usage of activities for salvage (SALVGEM) and cost of removal (REMOVAL) need to be defined.

## FAS 143 Implementation for EMBU

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- Users responsible for work code set-up and retirement work order issuance will need to be trained on new rules for cost of removal, including use of accounts, activities and work orders (new accounts for all non-regulated assets, separate activities for cost of removal and salvage, no use of retirement work orders needed.)
- New work codes will need to be set up for any cost of removal incurred for non-regulated assets since January 1, 2003, using the new accounts and activity.
- Changes in Maximo tables will be required to add the new activity and accounts.
- Retroactive corrections will be required for any cost of removal incurred for non-regulated assets since January 1, 2003.
- Changes in reporting will be required to support the project owner's view of costs including both capital and the new cost of removal maintenance work type (current reports in ABC and Pro-Met include only the construction and retirement work types.)
- Notification to joint owners will be needed to confirm amount to be charged to maintenance in 2003 that was budgeted as capital. Also, will need same information from them for Stuart, Killen, and Conesville.

### *For Regulated Companies (PSI including Madison and Cadiz)*

*(assumes users continue to charge existing 108 account for ARO and for cost of removal for other regulated assets – per current guidance from Fixed Assets)*

- Usage of activities for salvage (SALVGEM) and cost of removal (RETRMENT) need to be defined.
- Users responsible for work code set-up will need to be trained on use of new activity for salvage.
- New work codes will need to be set up for any salvage incurred since January 1, 2003, using the new activity.
- Changes in Maximo tables will be required to add the new activity.
- Retroactive corrections will be required for any salvage incurred since January 1, 2003.

### *Open Items*

- Final confirmation of status of ash ponds (Accounting Research)
- Final confirmation of account numbers to use for charging costs of removal for ARO's and other regulated assets (Fixed Asset Accounting) (initial implementation assumes we can still use same 108 accounts)
- Impact of accounting changes on CD/CCD lease/reverse lease calculations (Fuels & Joint Owner Accounting, with Fixed Assets)

## FAS 143 Accounting Standard

### Cinergy Generating Stations Unit Specific River Structures

All of the coal-fired generating stations for Cinergy are located on or near rivers. As such, there are structures on the riverbanks and in the waterways to facilitate the withdrawal of water or to facilitate the receipt of coal / limestone. These structures generally fall into the categories of either water intakes / outfalls, unloading structures or cells.

Water intake structures are generally constructed on / in the bank and into the riverbed to draw water for use in the process of steam production and can range from a simple trough to elaborate pumping stations. Unloading structures are mainly facilities to unload coal and limestone from river barges and are generally on the bank, but we do have a couple that are in the waterway. Cells are large concrete columns generally in the riverbed / waterway used to protect other structures or to assist in maneuvering barges during the delivery and unloading process.

The following is a description of the unit association of these structures at each of the stations.

#### **PSIEnergy**

**Cayuga Station** is on the Wabash River and has two identical units that share many common facilities. Although there are a variety of shared and dedicated pumps in the crib house, the intake structure is common to both units. The station has no other river structures or cells.

**Gallagher Station** is on the Ohio River and has four identical units that share many common facilities between units 1 and 2 and between units 3 and 4. The intake structures are in the base of the stacks and although there are a variety of shared and dedicated pumps units 1 and 2 share the intake structures in stack A and units 3 and 4 share the intake structures in stack B. The coal unloading structure serves the entire station and would be required to supply coal to any single unit or combination thereof, as would the six cells. The string of cells is used to protect the station (all four units) discharge tunnel.

**Gibson Station** has 5 nearly identical units that share a few common facilities. Being on a man-made cooling lake, the station has little presence on the nearby Wabash River except a pumping station which functions to provide make-up water to the lake. The pumping station would be required to supply water to any single unit or combination thereof. The station has no other river structures or cells

~~**Wabash River Station** is on the Wabash River and has six units that share limited common facilities. Although there are a variety of shared and dedicated pumps in each of the three crib houses (intake structures), they generally serve units 1 (repowered) & 2, 3 & 4, and 5 & 6 respectively, and are for the most part linked structurally to one another and to the main boiler building. The string of cells is used to protect the station (all six units) discharge tunnel.~~

**Dresser** is no longer an operating station; it was dismantled in the late 1970's. It was on the Wabash River and there remains two (and maybe three) remnants of the old concrete intake

structures that are on the river bank and extend slightly into the river. No other pertinent river structures exist.

**Noblesville Station** is on the White River and is presently being repowered as combined cycle. It has a common intake structure and a discharge structure. The station has no other river structures or cells.

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**Edwardsport Station** has four small boilers and is on the White River. Although there are a variety of shared and dedicated pumps, the intake structure serves the entire station. The station has no other river structures or cells.

### **CG&E**

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**Beckjord Station** is on the Ohio River and has six units that share some common facilities. Although there are a variety of shared and dedicated pumps in each of the three crib houses, they generally serve units 1 & 2, 3 & 4, and 5 & 6 respectively, and are integral structurally to the main boiler building. All of the cells and the unloading facilities serve the entire station and would be required to supply coal to any single unit or combination thereof.

**East Bend Station** is on the Ohio River and has only one unit; so all facilities are presently dedicated to that one unit.

**Miami Fort Station** is on the Ohio River and has four units that share considerable common facilities. There are a variety of shared and dedicated pumps in the crib house, but the intake structure serves the entire station. All of the cells and the unloading facilities serve the entire station as well and would be required to supply coal to any single unit or combination thereof.

**Zimmer Station** is on the Ohio River and has only one unit; so all facilities are presently dedicated to that one unit.

## FAS 143 Accounting Standard

### Cinergy Generating Stations Potential Impact of Mercury MACT and Clear Skies Initiatives

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~~As part of the Clean Air Act Amendment passed by Congress, coal-fired boilers used for electric power generation are subject to the control of emissions of mercury to the maximum degree possible, a.k.a. Maximum Available Control Technology (MACT) by December 2007 based upon the EPA proposing regulations by December 2003 and issuing final rules by December 2004. The MACT standards may require unit-by-unit control at a yet to be determined percent removal level and may not allow any trading of emission credits.~~

There are also other legislative proposals concerning multi-pollutant emissions that if they were to pass in 2003, could pre-empt or replace the MACT standards regarding mercury removal. These multi-pollutant initiatives, Clear Skies is one of the more publicized, in present form would require less mercury reduction or a less aggressive schedule but would require additional SO<sub>2</sub> and NO<sub>x</sub> reductions.

Regardless of the legislation, the result will be that some units may be economically impacted to the point that their continuation as a coal-fired unit would be in question. Other fuels or other forms of generation may be more economical. The units could either be retired, converted to another fuel, or something else.

Conceptual compliance plans are presently being discussed, prepared and evaluated. Intuitively, the units that might be adversely impacted (i.e., retired / converted at the end of 2007) are the older / smaller units such as Edwardsport, the smaller units at Wabash River and Beckjord, and units 5 & 6 at Miami Fort, but that is sheer conjecture at this very preliminary point. Even if retirements were to happen for those units, the "river structures" identified for FAS143 would be required for continued station operation and would not be removed.

Their retirement sans the Mercury MACT or Clear Skies regulations would be pure conjecture as well. Coal fired units are generally built to a 30-year life standard, but with normal maintenance these units last significantly longer. Past history is probably not a good barometer, since the only units retired in the last 40 years on the PSI side was Dresser station and on the CG&E side was West End. Although with units of varying vintage (1910 – 1940) at each of the stations, Dresser Station was demolished in 1978 as the Gibson units began commercial operation and Marble Hill was on the drawing board and West End was dismantled and sold in 1977. Both were retired in an era of significant load growth where new units were much larger and more cost efficient due to the new technology of pulverized coal (in lieu of stoker grate) and "economies of scale".

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closure or post closure can be determined or when the money to conduct these activities will be spent. There is currently no plan to close any of the ash ponds at the Cinergy stations that have wet handling ash systems or require the surface impoundments for wastewater treatment.

Cinergy can elect to keep the ash pond and / or the discharge permits active even after the plant boilers are retired. ~~Keeping the permits and ponds active allows for treatment of storm or process water that comes in contact with the ash in the pond if activities necessitate the ponds remain open. Allowing the pond to remain active gives the company time to market the ash for reuse or to allow for time necessary to remove for disposal in another land management unit.~~

To summarize, the ponds systems are often tied to the life of the generating units and the dollar cost for closure and post closure activities cannot be determined nor can the time period when closure activities will occur be identified. The ponds can remain open for an undisclosed period even after plant closure to allow for marketing activities of the remaining ash for beneficial use projects. This allows the company to avoid cost associated with land disposal or closure and post closure care of the surface impoundments. An example of this is at AEP's Breed Station. The boilers at this station have been retired since 1994 yet the ash pond at the station remains open and it still has an active NPDES permit to control / treat of storm water. AEP continues to market the ash from the station and is processing the ash stored in the pond. The pond could eventually be emptied and closure avoided.

**Cromer, Becky**

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**From:** Wilson, Dale  
**Sent:** Friday, December 20, 2002 12:08 PM  
**To:** Ritchie, Brett  
**Cc:** Barnhart, Christa  
**Subject:** FAS143 - - River Cells

~~Brett~~ In response to your question on replacement of river cells, I have talked to other knowledgeable / long term station people, and they are not aware of having ever replaced a single cell due to normal wear and tear. We have had to repair a cell or two due to damage from collision by barges, etc., but not replacement. In essence, the cells seem to be fairly stout and have an long / indeterminate life-time.

-- dale

**Welles, Sarah**

**From:** Glenn, Erica  
**Sent:** Sunday, February 12, 2006 12:21 PM  
**To:** Wozny, David  
**Cc:** Ritchie, Brett; Sheppard, Amy; Nispel, Debbie; Vance, Brian; Wilson, Dale; Stevens, George; O'Connor, Mike; Melendez, Brenda; Reynolds, Jaime  
**Subject:** Fin 47 Adoption - Final Memo

**Attachments:** Fin 47 Adoption Memo.doc

David,

Attached is the final memo regarding the adoption of Fin 47, Accounting for Conditional Asset Retirement Obligations.

Thank you,

**Erica Glenn**

Cinergy Corp.  
Accounting Research  
(317) 838-2280



Fin 47 Adoption  
Memo.doc (139 ...)

ARO Transition Journal Entry Report

Company / ARO	Account	Transition thru Nov		December Adjustment Depreciation & Accretion calc to be included
		Debits	Credits	
<b>Clatsop Gas &amp; Electric Co.</b>				
<b>Beckjord 1-5 Asbestos</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	371,656.46		
Initial liability:	230850 - Asset Retirement Obligatio		371,656.46	
Accretion Expense:	230850 - Asset Retirement Obligatio		587,193.16	2,846.84
Accumulated depreciation:			145,778.36	455.35
Depreciation Adjustments:				
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	732,971.52		3,302.19
<b>Beckjord 1-5 River Structure</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	17,789.96		
Initial liability:	230850 - Asset Retirement Obligatio		17,789.96	
Accretion Expense:	230850 - Asset Retirement Obligatio		476,766.18	2,596.42
Accumulated depreciation:			12,312.96	19.35
Depreciation Adjustments:				
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	489,079.14		2,615.77
<b>Beckjord 6 Asbestos</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	28,901.40		
Initial liability:	230850 - Asset Retirement Obligatio		28,901.40	
Accretion Expense:	230850 - Asset Retirement Obligatio		45,273.00	389.42
Accumulated depreciation:			11,274.49	62.29
Depreciation Adjustments:				
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	56,547.49		451.71
<b>Beckjord 6 River Structure</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	1,334.25		
Initial liability:	230850 - Asset Retirement Obligatio		1,334.25	
Accretion Expense:	230850 - Asset Retirement Obligatio		35,757.10	194.73
Accumulated depreciation:			922.20	1.46
Depreciation Adjustments:				
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	36,679.30		196.19
<b>Conesville Asbestos</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	12,762.62		
Initial liability:	230850 - Asset Retirement Obligatio		12,762.62	
Accretion Expense:	230850 - Asset Retirement Obligatio		19,992.12	171.96
Accumulated depreciation:			4,512.33	24.93
Depreciation Adjustments:				
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	24,504.45		196.89
<b>East Bend Asbestos</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	42,698.67		
Initial liability:	230850 - Asset Retirement Obligatio		42,698.67	
Accretion Expense:	230850 - Asset Retirement Obligatio		66,885.90	575.32
Accumulated depreciation:			12,711.63	70.23
Depreciation Adjustments:				
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	79,597.53		645.55
<b>East Bend River Structure</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	17,053.76		
Initial liability:	230850 - Asset Retirement Obligatio		17,053.76	
Accretion Expense:	230850 - Asset Retirement Obligatio		59,590.80	402.38
Accumulated depreciation:			6,868.80	23.85
Depreciation Adjustments:				
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	66,459.60		426.23
<b>East Bend SCR Catalyst A 2002</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	71,110.28		
Initial liability:	230850 - Asset Retirement Obligatio		71,110.28	
Accretion Expense:	230850 - Asset Retirement Obligatio		13,989.82	382.95
Accumulated depreciation:			27,504.85	670.85
Depreciation Adjustments:				
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	41,494.67		1,053.80
<b>East Bend SCR Catalyst B 2002</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	66,364.10		
Initial liability:	230850 - Asset Retirement Obligatio		66,364.10	
Accretion Expense:	230850 - Asset Retirement Obligatio		13,320.01	365.22
Accumulated depreciation:			20,930.09	510.49
Depreciation Adjustments:				
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	34,250.10		875.71
<b>Killen Asbestos</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	19,656.86		
Initial liability:	230850 - Asset Retirement Obligatio		19,656.86	
Accretion Expense:	230850 - Asset Retirement Obligatio		30,791.67	264.85
Accumulated depreciation:			5,737.70	31.71
Depreciation Adjustments:				
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	36,529.37		296.56
<b>Killen River Structure</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	20,022.46		
Initial liability:	230850 - Asset Retirement Obligatio		20,022.46	

	Accretion Expense:	230850 - Asset Retirement Obligatio	64,483.75		443.66
	Accumulated depreciation:		7,728.00		28.01
	Depreciation Adjustments:		-		
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	72,211.75	-	471.67
<b>Killen SCR Catalyst A 2004</b>	Long-lived asset:	101850 - NonReg Plant In Service AR	43,079.11		
	Initial liability:	230850 - Asset Retirement Obligatio	43,079.11		
	Accretion Expense:	230850 - Asset Retirement Obligatio	3,486.87		201.79
	Accumulated depreciation:		17,052.12		897.48
	Depreciation Adjustments:		-		
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	20,538.99	-	1,099.27
<b>Killen SCR Catalyst B 2004</b>	Long-lived asset:	101850 - NonReg Plant In Service AR	40,558.73		
	Initial liability:	230850 - Asset Retirement Obligatio	40,558.73		
	Accretion Expense:	230850 - Asset Retirement Obligatio	3,348.37		193.92
	Accumulated depreciation:		10,703.08		563.31
	Depreciation Adjustments:		-		
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	14,051.45	-	757.23
<b>Miami Fort 3-5 Asbestos</b>	Long-lived asset:	101850 - NonReg Plant In Service AR	216,408.49		
	Initial liability:	230850 - Asset Retirement Obligatio	216,408.49		
	Accretion Expense:	230850 - Asset Retirement Obligatio	338,995.60		2,915.87
	Accumulated depreciation:		68,479.54		378.33
	Depreciation Adjustments:		-		
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	407,475.14	-	3,294.20
<b>Miami Fort 5&amp;6 River Structure</b>	Long-lived asset:	101850 - NonReg Plant In Service AR	2,043.34		
	Initial liability:	230850 - Asset Retirement Obligatio	2,043.34		
	Accretion Expense:	230850 - Asset Retirement Obligatio	66,544.33		360.09
	Accumulated depreciation:		1,290.24		1.93
	Depreciation Adjustments:		-		
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	67,834.57	-	362.02
<b>Miami Fort 6 Asbestos</b>	Long-lived asset:	101850 - NonReg Plant In Service AR	176,823.48		
	Initial liability:	230850 - Asset Retirement Obligatio	176,823.48		
	Accretion Expense:	230850 - Asset Retirement Obligatio	276,987.26		2,382.51
	Accumulated depreciation:		55,952.53		309.13
	Depreciation Adjustments:		-		
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	332,939.79	-	2,691.64
<b>Miami Fort 7 SCR Catalyst A 2003</b>	Long-lived asset:	101850 - NonReg Plant In Service AR	127,465.02		
	Initial liability:	230850 - Asset Retirement Obligatio	127,465.02		
	Accretion Expense:	230850 - Asset Retirement Obligatio	16,405.42		623.44
	Accumulated depreciation:		63,732.43		2,197.68
	Depreciation Adjustments:		-		
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	80,137.85	-	2,821.12
<b>Miami Fort 7 SCR Catalyst B 2003</b>	Long-lived asset:	101850 - NonReg Plant In Service AR	119,908.44		
	Initial liability:	230850 - Asset Retirement Obligatio	119,908.44		
	Accretion Expense:	230850 - Asset Retirement Obligatio	15,747.64		599.15
	Accumulated depreciation:		42,406.70		1,462.30
	Depreciation Adjustments:		-		
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	58,154.34	-	2,061.45
<b>Miami Fort 7&amp;8 River Structure</b>	Long-lived asset:	101850 - NonReg Plant In Service AR	6,699.38		
	Initial liability:	230850 - Asset Retirement Obligatio	6,699.38		
	Accretion Expense:	230850 - Asset Retirement Obligatio	37,197.11		230.46
	Accumulated depreciation:		3,211.20		8.92
	Depreciation Adjustments:		-		
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	40,408.31	-	239.38
<b>Miami Fort 8 SCR Catalyst A 2002</b>	Long-lived asset:	101850 - NonReg Plant In Service AR	117,772.83		
	Initial liability:	230850 - Asset Retirement Obligatio	117,772.83		
	Accretion Expense:	230850 - Asset Retirement Obligatio	22,237.53		606.71
	Accumulated depreciation:		58,886.25		1,436.26
	Depreciation Adjustments:		-		
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	81,123.78	-	2,042.97
<b>Miami Fort 8 SCR Catalyst B 2002</b>	Long-lived asset:	101850 - NonReg Plant In Service AR	109,611.81		
	Initial liability:	230850 - Asset Retirement Obligatio	109,611.81		
	Accretion Expense:	230850 - Asset Retirement Obligatio	21,564.35		590.29
	Accumulated depreciation:		42,396.87		1,034.08
	Depreciation Adjustments:		-		
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	63,961.22	-	1,624.37
<b>S SCR Catalyst A 2004</b>	Long-lived asset:	101850 - NonReg Plant In Service AR	110,711.89		
	Initial liability:	230850 - Asset Retirement Obligatio	110,711.89		
	Accretion Expense:	230850 - Asset Retirement Obligatio	9,319.05		540.14
	Accumulated depreciation:		21,911.75		1,153.25
	Depreciation Adjustments:		-		

Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	31,230.80	-	1,693.39	
<b>Stuart 1 SCR Catalyst B 2004</b>					
Long-lived asset:	101850 - NonReg Plant In Service AR	102,392.60			
Initial liability:	230850 - Asset Retirement Obligatio		102,392.60		
Accretion Expense:	230850 - Asset Retirement Obligatio		8,950.81		519.60
Accumulated depreciation:			16,212.13		853.27
Depreciation Adjustments:			-		
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	25,162.94	-	1,372.87	
<b>Stuart 2 SCR Catalyst A 2004</b>					
Long-lived asset:	101850 - NonReg Plant In Service AR	110,711.89			
Initial liability:	230850 - Asset Retirement Obligatio		110,711.89		
Accretion Expense:	230850 - Asset Retirement Obligatio		9,319.05		540.14
Accumulated depreciation:			21,911.75		1,153.25
Depreciation Adjustments:			-		
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	31,230.80	-	1,693.39	
<b>Stuart 2 SCR Catalyst B 2004</b>					
Long-lived asset:	101850 - NonReg Plant In Service AR	102,392.60			
Initial liability:	230850 - Asset Retirement Obligatio		102,392.60		
Accretion Expense:	230850 - Asset Retirement Obligatio		8,950.81		519.60
Accumulated depreciation:			16,212.13		853.27
Depreciation Adjustments:			-		
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	25,162.94	-	1,372.87	
<b>Stuart 3 SCR Catalyst A 2004</b>					
Long-lived asset:	101850 - NonReg Plant In Service AR	106,577.02			
Initial liability:	230850 - Asset Retirement Obligatio		106,577.02		
Accretion Expense:	230850 - Asset Retirement Obligatio		9,143.70		530.39
Accumulated depreciation:			18,749.58		986.83
Depreciation Adjustments:			-		
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	27,893.28	-	1,517.22	
<b>Stuart 3 SCR Catalyst B 2004</b>					
Long-lived asset:	101850 - NonReg Plant In Service AR	98,177.10			
Initial liability:	230850 - Asset Retirement Obligatio		98,177.10		
Accretion Expense:	230850 - Asset Retirement Obligatio		8,741.79		507.86
Accumulated depreciation:			14,131.63		743.77
Depreciation Adjustments:			-		
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	22,873.42	-	1,251.63	
<b>Stuart 4 SCR Catalyst A 2004</b>					
Long-lived asset:	101850 - NonReg Plant In Service AR	122,031.52			
Initial liability:	230850 - Asset Retirement Obligatio		122,031.52		
Accretion Expense:	230850 - Asset Retirement Obligatio		9,877.29		571.60
Accumulated depreciation:			38,643.34		2,033.86
Depreciation Adjustments:			-		
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	48,520.63	-	2,605.46	
<b>Stuart 4 SCR Catalyst B 2004</b>					
Long-lived asset:	101850 - NonReg Plant In Service AR	106,577.02			
Initial liability:	230850 - Asset Retirement Obligatio		106,577.02		
Accretion Expense:	230850 - Asset Retirement Obligatio		9,143.70		530.39
Accumulated depreciation:			18,749.58		986.83
Depreciation Adjustments:			-		
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	27,893.28	-	1,517.22	
<b>Stuart 4 SCR Catalyst C 2005</b>					
Long-lived asset:	101850 - NonReg Plant In Service AR	102,941.47			
Initial liability:	230850 - Asset Retirement Obligatio		102,941.47		
Accretion Expense:	230850 - Asset Retirement Obligatio		3,977.42		507.86
Accumulated depreciation:			7,594.02		843.78
Depreciation Adjustments:			-		
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	11,571.44	-	1,351.64	
<b>Stuart Asbestos</b>					
Long-lived asset:	101850 - NonReg Plant In Service AR	426,891.66			
Initial liability:	230850 - Asset Retirement Obligatio		426,891.66		
Accretion Expense:	230850 - Asset Retirement Obligatio		668,709.27		5,751.90
Accumulated depreciation:			147,457.08		814.68
Depreciation Adjustments:			-		
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	816,166.35	-	6,566.58	
<b>Stuart River Structure</b>					
Long-lived asset:	101850 - NonReg Plant In Service AR	18,679.43			
Initial liability:	230850 - Asset Retirement Obligatio		18,679.43		
Accretion Expense:	230850 - Asset Retirement Obligatio		159,760.13		936.81
Accumulated depreciation:			10,411.20		24.11
Depreciation Adjustments:			-		
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	170,171.33	-	960.92	
<b>Zimmer Asbestos</b>					
Long-lived asset:	101850 - NonReg Plant In Service AR	298,501.14			
Initial liability:	230850 - Asset Retirement Obligatio		298,501.14		
Accretion Expense:	230850 - Asset Retirement Obligatio		417,176.75		3,757.31
Accumulated depreciation:			70,136.64		417.48
Depreciation Adjustments:			-		
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	487,313.39	-	4,174.79	
<b>Zimmer River Structure</b>					
Long-lived asset:	101850 - NonReg Plant In Service AR	22,058.61			

	Initial liability:	230850 - Asset Retirement Obligatio	22,058.61		
	Accretion Expense:	230850 - Asset Retirement Obligatio	30,828.48		277.66
	Accumulated depreciation:		5,182.80		30.85
	Depreciation Adjustments:		-		
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	36,011.28		308.51
Zi:	<b>SCR Catalyst A 2004</b>				
	Long-lived asset:	101850 - NonReg Plant In Service AR	148,956.94		
	Initial liability:	230850 - Asset Retirement Obligatio	148,956.94		
	Accretion Expense:	230850 - Asset Retirement Obligatio	12,297.27		712.21
	Accumulated depreciation:		39,308.15		2,068.84
	Depreciation Adjustments:		-		
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	51,605.42		2,781.05
Zimmer	<b>SCR Catalyst B 2004</b>				
	Long-lived asset:	101850 - NonReg Plant In Service AR	139,685.43		
	Initial liability:	230850 - Asset Retirement Obligatio	139,685.43		
	Accretion Expense:	230850 - Asset Retirement Obligatio	11,757.86		681.49
	Accumulated depreciation:		27,646.14		1,455.06
	Depreciation Adjustments:		-		
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	39,404.00		2,136.55
Zimmer	<b>SCR Catalyst C 2004</b>				
	Long-lived asset:	101850 - NonReg Plant In Service AR	129,189.56		
	Initial liability:	230850 - Asset Retirement Obligatio	129,189.56		
	Accretion Expense:	230850 - Asset Retirement Obligatio	11,293.26		655.59
	Accumulated depreciation:		20,455.02		1,076.58
	Depreciation Adjustments:		-		
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	31,748.28		1,732.17
CGE	<b>TOTAL</b>				
	Long-lived asset:	101850 - NonReg Plant In Service AR	3,776,197.33		
	Initial liability:	230850 - Asset Retirement Obligatio	3,776,197.33		
	Accretion Expense:	230850 - Asset Retirement Obligatio	3,605,804.63		34,878.53
	Accumulated depreciation:		1,115,105.31		25,683.65
	Depreciation Adjustments:		-		
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	4,720,909.94		60,562.18
CGE	<b>TOTAL 12/31/05</b>				
	Long-lived asset:	101850 - NonReg Plant In Service AR	3,776,197.33		
	Initial liability:	230850 - Asset Retirement Obligatio	3,776,197.33		
	Accretion Expense:	230850 - Asset Retirement Obligatio	3,640,883.16		
	Accumulated depreciation:		1,140,788.96		
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	4,781,472.12		
PSI Energy, Inc.	<b>Cayuga Asbestos</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	155,162.02		
	Initial liability:	230800 - ARO Liability	155,162.02		
	Accretion Expense:	230800 - ARO Liability	243,055.35		
	Accumulated depreciation:		56,167.92		
	Depreciation Adjustments:		-		
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	299,223.27		
	<b>Cayuga River Structure</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	10,684.41		
	Initial liability:	230800 - ARO Liability	10,684.41		
	Accretion Expense:	230800 - ARO Liability	85,165.35		
	Accumulated depreciation:		6,073.20		
	Depreciation Adjustments:		-		
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	91,238.55		
	<b>Edwardsport Asbestos</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	650,548.04		
	Initial liability:	230800 - ARO Liability	650,548.04		
	Accretion Expense:	230800 - ARO Liability	899,001.36		
	Accumulated depreciation:		626,325.16		
	Depreciation Adjustments:		-		
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	1,525,326.52		
	<b>Gallagher Asbestos</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	1,228,287.37		
	Initial liability:	230800 - ARO Liability	1,228,287.37		
	Accretion Expense:	230800 - ARO Liability	1,947,671.14		
	Accumulated depreciation:		604,130.94		
	Depreciation Adjustments:		-		
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	2,551,802.08		
	<b>Gallagher River Structure</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	5,644.15		
	Initial liability:	230800 - ARO Liability	5,644.15		
	Accretion Expense:	230800 - ARO Liability	104,520.81		
	Accumulated depreciation:		4,241.28		
	Depreciation Adjustments:		-		
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	108,762.09		
	<b>Gibson 1 SCR Catalyst A 2005</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	248,745.65		
	Initial liability:	230800 - ARO Liability	248,745.65		

	Accretion Expense:	230800 - ARO Liability	6,792.14	
	Accumulated depreciation:		24,183.60	
	Depreciation Adjustments:		-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	30,975.74	-
<b>Gibson 1-1 SCR Catalyst B 2005</b>	Long-lived asset:	101800 - Reg Plant In Service ARO	232,799.66	
	Initial liability:	230800 - ARO Liability		232,799.66
	Accretion Expense:	230800 - ARO Liability		6,475.80
	Accumulated depreciation:			16,975.00
	Depreciation Adjustments:		-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	23,450.80	-
<b>Gibson 1-4 Asbestos</b>	Long-lived asset:	101800 - Reg Plant In Service ARO	669,481.94	
	Initial liability:	230800 - ARO Liability		669,481.94
	Accretion Expense:	230800 - ARO Liability		1,048,717.52
	Accumulated depreciation:			195,445.61
	Depreciation Adjustments:		-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	1,244,163.13	-
<b>Gibson 1-4 River Structure</b>	Long-lived asset:	101800 - Reg Plant In Service ARO	2,441.43	
	Initial liability:	230800 - ARO Liability		2,441.43
	Accretion Expense:	230800 - ARO Liability		13,555.71
	Accumulated depreciation:			1,101.60
	Depreciation Adjustments:		-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	14,657.31	-
<b>Gibson 2 SCR Catalyst A 2002</b>	Long-lived asset:	101800 - Reg Plant In Service ARO	229,427.63	
	Initial liability:	230800 - ARO Liability		229,427.63
	Accretion Expense:	230800 - ARO Liability		43,319.89
	Accumulated depreciation:			114,713.90
	Depreciation Adjustments:		-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	158,033.79	-
<b>Gibson 2 SCR Catalyst B 2002</b>	Long-lived asset:	101800 - Reg Plant In Service ARO	213,529.31	
	Initial liability:	230800 - ARO Liability		213,529.31
	Accretion Expense:	230800 - ARO Liability		42,008.46
	Accumulated depreciation:			82,591.63
	Depreciation Adjustments:		-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	124,600.09	-
<b>Gibson 2 SCR Catalyst C 2004</b>	Long-lived asset:	101800 - Reg Plant In Service ARO	221,379.13	
	Initial liability:	230800 - ARO Liability		221,379.13
	Accretion Expense:	230800 - ARO Liability		17,896.31
	Accumulated depreciation:			37,241.28
	Depreciation Adjustments:		-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	55,137.59	-
<b>Gibson 3 SCR Catalyst A 2002</b>	Long-lived asset:	101800 - Reg Plant In Service ARO	235,752.34	
	Initial liability:	230800 - ARO Liability		235,752.34
	Accretion Expense:	230800 - ARO Liability		44,514.09
	Accumulated depreciation:			138,083.49
	Depreciation Adjustments:		-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	182,597.58	-
<b>Gibson 3 SCR Catalyst B 2002</b>	Long-lived asset:	101800 - Reg Plant In Service ARO	221,556.02	
	Initial liability:	230800 - ARO Liability		221,556.02
	Accretion Expense:	230800 - ARO Liability		42,709.16
	Accumulated depreciation:			96,636.18
	Depreciation Adjustments:		-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	139,345.34	-
<b>Gibson 3 SCR Catalyst C 2004</b>	Long-lived asset:	101800 - Reg Plant In Service ARO	229,948.28	
	Initial liability:	230800 - ARO Liability		229,948.28
	Accretion Expense:	230800 - ARO Liability		18,238.81
	Accumulated depreciation:			43,569.18
	Depreciation Adjustments:		-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	61,807.99	-
<b>Gibson 4 SCR Catalyst A 2003</b>	Long-lived asset:	101800 - Reg Plant In Service ARO	255,153.30	
	Initial liability:	230800 - ARO Liability		255,153.30
	Accretion Expense:	230800 - ARO Liability		32,839.57
	Accumulated depreciation:			160,857.49
	Depreciation Adjustments:		-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	193,697.06	-
<b>Gibson 4 SCR Catalyst B 2003</b>	Long-lived asset:	101800 - Reg Plant In Service ARO	241,646.35	
	Initial liability:	230800 - ARO Liability		241,646.35
	Accretion Expense:	230800 - ARO Liability		31,101.16
	Accumulated depreciation:			100,110.61
	Depreciation Adjustments:		-	



Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	131,211.77	-	
<b>Gibson 4 SCR Catalyst C 2004</b>				
Long-lived asset:	101800 - Reg Plant In Service ARO	110,689.26		
Initial liability:	230800 - ARO Liability		110,689.26	
Accretion Expense:	230800 - ARO Liability		8,948.15	
Accumulated depreciation:			18,620.64	
Depreciation Adjustments:			-	
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	27,568.79	-	
<b>Gibson 5 Asbestos</b>				
Long-lived asset:	101800 - Reg Plant In Service ARO	82,661.73		
Initial liability:	230800 - ARO Liability		82,661.73	
Accretion Expense:	230800 - ARO Liability		129,486.39	
Accumulated depreciation:			24,132.73	
Depreciation Adjustments:			-	
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	153,619.12	-	
<b>Gibson 5 River Structure</b>				
Long-lived asset:	101800 - Reg Plant In Service ARO	305.48		
Initial liability:	230800 - ARO Liability		305.48	
Accretion Expense:	230800 - ARO Liability		1,696.59	
Accumulated depreciation:			136.80	
Depreciation Adjustments:			-	
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	1,833.39	-	
<b>Gibson 5 SCR Catalyst A 2005</b>				
Long-lived asset:	101800 - Reg Plant In Service ARO	128,812.96		
Initial liability:	230800 - ARO Liability		128,812.96	
Accretion Expense:	230800 - ARO Liability		3,451.46	
Accumulated depreciation:			15,028.16	
Depreciation Adjustments:			-	
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	18,479.62	-	
<b>Gibson 5 SCR Catalyst B 2005</b>				
Long-lived asset:	101800 - Reg Plant In Service ARO	120,916.06		
Initial liability:	230800 - ARO Liability		120,916.06	
Accretion Expense:	230800 - ARO Liability		3,301.68	
Accumulated depreciation:			10,076.36	
Depreciation Adjustments:			-	
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	13,378.04	-	
<b>Noblesville Asbestos</b>				
Long-lived asset:	101800 - Reg Plant In Service ARO	57,426.65		
Initial liability:	230800 - ARO Liability		57,426.65	
Accretion Expense:	230800 - ARO Liability		89,956.70	
Accumulated depreciation:			18,172.40	
Depreciation Adjustments:			-	
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	108,129.10	-	
<b>Wabash River Asbestos</b>				
Long-lived asset:	101800 - Reg Plant In Service ARO	410,210.13		
Initial liability:	230800 - ARO Liability		410,210.13	
Accretion Expense:	230800 - ARO Liability		650,462.22	
Accumulated depreciation:			164,264.74	
Depreciation Adjustments:			-	
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	814,726.96	-	
<b>Wabash River River Structure</b>				
Long-lived asset:	101800 - Reg Plant In Service ARO	6,533.60		
Initial liability:	230800 - ARO Liability		6,533.60	
Accretion Expense:	230800 - ARO Liability		168,498.22	
Accumulated depreciation:			4,555.20	
Depreciation Adjustments:			-	
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	173,053.42	-	
<b>PSI TOTAL</b>				
Long-lived asset:	101800 - Reg Plant In Service ARO	5,969,742.90		
Initial liability:	230800 - ARO Liability		5,969,742.90	
Accretion Expense:	230800 - ARO Liability		5,683,384.04	58,308.90
Accumulated depreciation:			2,563,435.10	43,888.45
Depreciation Adjustments:			-	
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	8,246,819.14		102,197.35
<b>PSI TOTAL 12/31/05</b>				
Long-lived asset:	101800 - Reg Plant In Service ARO	5,969,742.90		
Initial liability:	230800 - ARO Liability		5,969,742.90	
Accretion Expense:	230800 - ARO Liability		5,741,692.94	
Accumulated depreciation:			2,607,323.55	
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	8,349,016.49		

CIN Totals	ARO	(19,128,316)
	Reg Liab	8,349,016
	PP&E	5,997,828
	Cum Effect	4,781,472

Journal Entry Detail from JETOOL

December 2005

JEID: 117681

Line	Res	TT	RCrp	Ctr	Work Code	Locatl	Subl	Debit Amount \$	Credit Amount \$	Servic	LOB	ORC	Quantity
Pay Corp 010 JE No: FA992 Correction											File Cntl No: 2800		
10	2421	0	010	000	101200			\$6,305,213.00	\$0.00		GT1		0
20	2421	0	010	000	230850			\$0.00	\$25,600,275.00		GT1		0
30	2421	0	010	000	108200			\$0.00	\$2,460,667.00		GT1		0
40	2421	0	010	000	182303		SR0001	\$21,755,729.00	\$0.00		GT1		0
50	2421	0	070	000	101200			\$1,745,998.00	\$0.00		GT4		0
60	2421	0	070	000	230850			\$0.00	\$6,305,777.00		GT4		0
70	2421	0	070	000	108200			\$0.00	\$636,896.00		GT4		0
80	2421	0	070	000	182303		SR0001	\$5,196,675.00	\$0.00		GT4		0
90	2421	0	050	000	101200			\$32,690.00	\$0.00		KOT		0
100	2421	0	050	000	230850			\$0.00	\$73,695.00		KOT		0
110	2421	0	050	000	108200			\$0.00	\$27,580.00		KOT		0
120	2421	0	050	000	435300			\$68,585.00	\$0.00		KOT		0

Line	Res	TT	RCrp	Ctr	Work Code	Locati	Subl	Debit Amount \$	Credit Amount \$	Servic	LOB	ORC	Quantity
Totals								\$35,104,890.00	\$35,104,890.00				
Input:		Jamie Reynolds		1/25/2006 11:01:11 AM		Trans Limit:		\$40,000,000.00					
Prepared:		Jamie Reynolds		1/25/2006 11:01:11 AM		Post		Service Co.					
Last Modified:		Brenda Melendez		1/26/2006 7:07:54 PM		Freq		One Time					
Approved:		Gwen Pate		1/26/2006 7:20:46 PM		Begin:		200512					
Submitted:		Ron Cooley		1/27/2006 10:01:43 AM		End:		200512					
Reversing JE No:										No Reversing			
Recurring:										No			

Header Notes: To record gas mains ARO. Detail in fixed asset accounting.  
 End of report

**ARO Rollforward  
2005**

ARO - 1000 report in Powerplant

**FIN 47 ARO  
Balance at  
December 31, 2005**

**Cincinnati Gas & Electric Co.**

Company Total: 9,443,750

CG&E total asbestos 4,065,361  
CG&E total river structures 1,042,051  
CG&E total catalysts 2,309,468  
CG&E total Fin 47 7,416,880

Gas Mains

31,979,747

39,396,627

**PSI Energy, Inc.**

Company Total: 15,001,225

PSI total asbestos 8,305,036  
PSI total river structures 401,153  
PSI total catalysts 3,005,248  
PSI total Fin 47 11,711,436

**ULH&P**

PSI total Fin 47 -

6,305,777

6,305,777

**Cinergy**

Cinergy total asbestos 12,370,397  
Cinergy total river structures 1,443,204  
Cinergy total catalysts 5,314,715  
Cinergy total Fin 47 19,128,316

31,979,747

51,108,063

	YTD Dec-03	YTD Dec-04	YTD Dec-05	QTD Mar-05	QTD Jun-05	YTD Jun-05	QTD Sep-05	YTD Sep-05
(as if Fin 47 applied during all periods)								
<b>Cinergy</b>								
Increase in depreciation expense due to Fin 47 ARC	102,358	242,923	309,626	76,400	78,088	154,488	78,088	232,575
Increase in accretion expense for Fin 47 AROs	300,092	370,802	424,503	104,213	107,273	211,486	108,905	320,391
Total:	<u>402,450</u>	<u>613,725</u>	<u>734,130</u>	<u>180,613</u>	<u>185,361</u>	<u>365,974</u>	<u>186,992</u>	<u>552,966</u>
Cinergy effective tax rate:	24.8%	20.1%	16.3%	21.7%	21.2%	21.6%	20.3%	21.0%
<b>Net of tax:</b>	<u><b>302,447</b></u>	<u><b>490,536</b></u>	<u><b>614,310</b></u>	<u><b>141,334</b></u>	<u><b>146,137</b></u>	<u><b>287,028</b></u>	<u><b>148,978</b></u>	<u><b>436,678</b></u>
<b>CG&amp;E</b>								
Increase in depreciation expense due to Fin 47 ARC	102,358	242,923	309,626	76,400	78,088	154,488	78,088	232,575
Increase in accretion expense for Fin 47 AROs	300,092	370,802	424,503	104,213	107,273	211,486	108,905	320,391
Total:	<u>402,450</u>	<u>613,725</u>	<u>734,130</u>	<u>180,613</u>	<u>185,361</u>	<u>365,974</u>	<u>186,992</u>	<u>552,966</u>
CG&E effective tax rate:	37.2%	38.2%	37.9%	40.7%	24.8%	35.4%	32.1%	34.4%
<b>Net of tax:</b>	<u><b>252,578</b></u>	<u><b>379,503</b></u>	<u><b>455,555</b></u>	<u><b>107,151</b></u>	<u><b>139,321</b></u>	<u><b>236,434</b></u>	<u><b>127,031</b></u>	<u><b>362,787</b></u>

**Note:** Gas Mains ARO excluded from schedule due to de minimus income statement impact (2005 cumulative effect approximately \$69,000 pre-tax).

Pro forma Asset Retirement Obligation Liability  
(as if Fin 47 applied during all periods)

	<b>Total Fin 47 Items</b>			
	<b>Cinergy</b>	<b>CG&amp;E and subsidiaries</b>	<b>PSI</b>	<b>ULH&amp;P</b>
<b>December 31, 2003</b>	42,685,468	33,520,111	9,165,358	5,594,831
<b>December 31, 2004</b>	47,319,857	37,004,184	10,315,672	5,940,097
<b>March 31, 2005</b>	49,130,916	37,658,596	10,472,319	6,028,234
<b>June 30, 2005</b>	50,590,820	38,224,890	11,365,931	6,118,688
<b>September 30, 2005</b>	51,342,292	38,804,909	11,537,383	6,211,523

Pro forma Asset Retirement Obligation Liability  
(as if Fin 47 applied during all periods) All AROs (143 and 47)

	Gas Mains										Total AROs	
	Cinergy	Pine Mountain	CG&E and subsidiaries	PSI	UHL&P	CG&E Standalone	UHL&P	KOT	Cinergy subsidiaries	CG&E and subsidiaries		PSI
January 1, 2003	19,803,589		6,391,088	13,412,500		21,393,174	5,270,610	63,018	46,530,391	33,117,891	13,412,500	5270610
December 31, 2003	19,436,107		7,029,727	12,406,380		22,710,773	5,594,831	66,390	47,808,101	35,401,721	12,406,380	5594831
December 31, 2004	22,545,546		8,806,528	13,739,017		24,113,994	5,940,097	69,952	52,669,590	38,930,572	13,739,017	5940097
March 31, 2005	23,660,421	1,000,000	9,038,281	13,622,140		24,472,210	6,028,234	70,857	54,231,722	39,609,583	13,622,140	6028234
June 30, 2005	24,732,196	1,000,000	9,170,497	14,561,698		24,839,850	6,118,688	71,784	55,762,518	40,200,819	14,561,698	6118688
September 30, 2005	25,084,498	1,000,000	9,304,694	14,779,803		25,217,179	6,211,523	72,733	56,585,934	40,806,131	14,779,803	6211523

Amounts to transfer to ULH&P on 1/1/06

ARO Net Value for Compent Type AROs  
12/31/2005

		Asset Value	Reserve and Liability	Net Book Value
<b>Cincinnati Gas &amp; Electric Co.</b>				
East Bend Ash Landfill	Underlying Assets:	\$31,975,398	\$20,282,738	\$11,692,660
	ARO Asset:	\$336,174	\$224,485	\$111,689
	ARO Liability:		\$927,460	\$927,460
East Bend River Structure	Underlying Assets:	\$32,464,952	\$20,571,783	\$11,893,169
	ARO Asset:	\$17,054	\$6,893	\$10,161
	ARO Liability:		\$77,047	\$77,047
East Bend Asbestos	Underlying Assets:	\$51,116,112	\$29,335,928	\$21,780,185
	ARO Asset:	\$42,699	\$12,782	\$29,917
	ARO Liability:		\$110,160	\$110,160
East Bend SCR Catalyst A 2002	Underlying Assets:	\$2,230,486	\$863,994	\$1,366,493
	ARO Asset:	\$71,110	\$28,176	\$42,935
	ARO Liability:		\$85,483	\$85,483
East Bend SCR Catalyst B 2002	Underlying Assets:	\$2,230,486	\$863,994	\$1,366,493
	ARO Asset:	\$66,364	\$21,441	\$44,924
	ARO Liability:		\$80,049	\$80,049
Miami Fort 6 Asbestos	Underlying Assets:	\$15,928,054	\$15,928,054	\$0
	ARO Asset:	\$176,823	\$56,262	\$120,562
	ARO Liability:		\$456,193	\$456,193
<b>Total</b>	<b>Underlying Assets:</b>			<b>\$48,098,999</b>
	<b>ARO Asset:</b>			<b>\$360,187</b>
	<b>ARO Liability:</b>			<b>\$1,736,393</b>



**ARO Rollforward  
 2005**

ARO - 1000 report in Powerplant

**FIN 47 ARO  
 Balance at  
 December 31, 2005**

**Cincinnati Gas & Electric Co.**

Company Total: 9,443,750

CG&E total asbestos	4,065,361	
CG&E total river structures	1,042,051	
CG&E total catalysts	2,309,468	
<u>CG&amp;E total Fin 47</u>	<u>7,416,880</u>	

Gas Mains

31,979,747

39,396,627

**PSI Energy, Inc.**

Company Total: 15,001,225

PSI total asbestos	8,305,036	
PSI total river structures	401,153	
PSI total catalysts	3,005,248	
<u>PSI total Fin 47</u>	<u>11,711,436</u>	

**ULH&P**

PSI total Fin 47 -

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**Cinergy**

Cinergy total asbestos	12,370,397	
Cinergy total river structures	1,443,204	
Cinergy total catalysts	5,314,715	
<u>Cinergy total Fin 47</u>	<u>19,128,316</u>	

31,979,747

51,108,063

ARO Transition Journal Entry Report

Cr / C	y / ARO Utility Gas & Electric Co.	Account	Transition thru Nov		December Adjustment Depreciation & Accretion calc to be included	
			Debits	Credits		
					Cum Effect Adj Debits	Credits
<b>CGE ARC TOTALS (without Gas mains)</b>						
	Asbestos	Long-lived asset	101850 - NonReg Plant In Service AR	1,594,301		
		Accumulated depreciation:			522,040	2,564
		NBV ARC at 12/31/05:	1,069,696			
	River Stru	Long-lived asset	101850 - NonReg Plant In Service AR	105,681		
		Accumulated depreciation:			47,927	138
		NBV ARC at 12/31/05:	57,615			
	SCR Catal	Long-lived asset	101850 - NonReg Plant In Service AR	2,076,215		
		Accumulated depreciation:			545,138	22,981
		NBV ARC at 12/31/05:	1,508,097			
<b>CGE TOTAL (without Gas Mains)</b>						
		Long-lived asset:	101850 - NonReg Plant In Service AR	3,776,197		
		Initial liability:	230850 - Asset Retirement Obligatio		3,776,197	
		Accretion Expense:	230850 - Asset Retirement Obligatio		3,605,805	34,879
		Accumulated depreciation:			1,115,105	25,684
		Depreciation Adjustments:				
		Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	4,720,910		60,562
<b>CGE TOTAL 12/31/05 (without Gas Mains)</b>						
		Long-lived asset:	101850 - NonReg Plant In Service AR	3,776,197		
		Initial liability:	230850 - Asset Retirement Obligatio		3,776,197	
		Accretion Expense:	230850 - Asset Retirement Obligatio		3,640,683	
		Accumulated depreciation:			1,140,789	
		Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	4,781,472		
<b>PSI Energy, Inc.</b>						
<b>PSI ARC TOTALS</b>						
	Asbestos	Long-lived asset	101850 - NonReg Plant In Service AR	3,253,776		
		Accumulated depreciation:			1,688,640	9,330
		NBV ARC at 12/31/05:	1,555,809			
	River Stru	Long-lived asset	101850 - NonReg Plant In Service AR	25,609		
		Accumulated depreciation:			16,108	33
		NBV ARC at 12/31/05:	9,468			
	SCR Catal	Long-lived asset	101850 - NonReg Plant In Service AR	2,690,356		
		Accumulated depreciation:			858,688	34,526
		NBV ARC at 12/31/05:	1,797,142			
<b>PSI TOTAL</b>						
		Long-lived asset:	101800 - Reg Plant In Service ARO	5,969,743		
		Initial liability:	230800 - ARO Liability		5,969,743	
		Accretion Expense:	230800 - ARO Liability		5,683,384	58,309
		Accumulated depreciation:			2,563,435	43,888
		Depreciation Adjustments:				
		Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	8,246,819		102,197
<b>PSI TOTAL 12/31/05</b>						
		Long-lived asset:	101800 - Reg Plant In Service ARO	5,969,743		
		Initial liability:	230800 - ARO Liability		5,969,743	
		Accretion Expense:	230800 - ARO Liability		5,741,693	
		Accumulated depreciation:			2,607,324	
		Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	8,349,016		
		CIN Totals (without Gas mains)	ARO	(19,128,316)		
			Reg Liab	8,349,016		
			PP&E	5,997,828		
			Cum Effect	4,781,472		

check:  
NBV ARC 12/31/05:  
2,635,408

check:  
NBV ARC 12/31/05:  
3,362,419

<b>Cinergy ARC TOTALS (without Gas mains)</b>						
	Asbestos	Long-lived asset	101850 - NonReg Plant In Service AR	4,848,079		
		Accumulated depreciation:			2,210,680	11,894
		NBV ARC at 12/31/05:	2,625,505			
	River Stru	Long-lived asset	101850 - NonReg Plant In Service AR	131,290		
		Accumulated depreciation:			64,035	171
		NBV ARC at 12/31/05:	67,084			
	SCR Catal	Long-lived asset	101850 - NonReg Plant In Service AR	4,786,571		
		Accumulated depreciation:			1,403,825	57,507
		NBV ARC at 12/31/05:	3,305,239			

check:

**Gas Mains**

**CGE Consolidated**

Gas Mains Long-lived asset:	101850 - NonReg Plant in Service AR	8,063,902	
Accumulated depreciation:			3,125,144
NBV ARC at 12/31/05:		4,968,758	

**ULHP**

Gas Mains Long-lived asset:	101850 - NonReg Plant in Service AR	1,745,998	
Accumulated depreciation:			636,896
NBV ARC at 12/31/05:		1,109,102	

**KOT**

Gas Mains Long-lived asset:	101850 - NonReg Plant in Service AR	32,691	
Accumulated depreciation:			27,580
NBV ARC at 12/31/05:		5,110	

CIN Totals (with Gas mains)	ARO	(51,108,063)
	Reg Liab	35,301,420
	PP&E	10,956,586
	Cum Effect	4,850,057

Date: December 16, 2005  
To: Erica Glenn  
Copy: Brian Vance  
Steve Ruhlman  
From: Joe Jett  
Subject: Asbestos Abatement Liability in Cinergy Buildings

The Real Estate and Site Services group believes that the future asbestos abatement costs for the current Cinergy buildings which the group maintains are negligible. The Cinergy buildings addressed in this memo include the 4<sup>th</sup> and Main Cincinnati building, Plainfield campus, Florence district office and other district offices included in Appendix A. The prediction of negligible future asbestos abatement costs for these buildings is based on the fact that significant asbestos abatement has already taken place in these buildings. The two areas where major asbestos abatement took place were on the Plainfield campus and the 4<sup>th</sup> and Main Cincinnati building. In 1988, there was a major renovation of the 4<sup>th</sup> and Main Cincinnati building. This renovation included major asbestos abatement. In 1990/1991, there was a major asbestos abatement project in the 1970's building on the Plainfield campus. These were the two largest asbestos containing areas for Cinergy buildings maintained by the Real Estate and Site Services group. Asbestos surveys conducted for all the buildings between 1994 and 1996 confirm this is the case. Based on these surveys, the remaining asbestos materials are considered insignificant from a cost of removal perspective. For purposes of this memo, insignificant cost is defined as abatement projects costing \$10,000 or less.

Past sales of Real Estate and Site Services buildings have also supported the assertion that the remaining asbestos obligation for the buildings identified in this memo is not significant. The presence of known asbestos materials has been disclosed during the sale of buildings, and the presence of asbestos has not affected the negotiated sales price. For example, the Cinergy owned Camp Washington building was known to contain asbestos. When this building was sold by Real Estate and Site Services in 2005, the presence of asbestos did not reduce the negotiated sales price. It is expected that the existence of asbestos will continue to not be a significant factor in future sales price negotiations for the Real Estate and Site Services buildings referred to in this memo.

If I can be of further assistance in this matter, please feel free to contact me at (513) 287-2807.

Appendix A								
Leased/ Owned	Site Code	Building Name	Building Code	Building Contact	Int. Gross Net Area	State Code	City Code	Asbestos Y/N
Owned	4MH	4th & Main Building	01	Jett,Joe	193867.00	OH	CINCINNATI	YES
Owned	4MH	Annex Building	02	Jett,Joe	364403.00	OH	CINCINNATI	YES
Leased	4MH	Atrium II	ATR	Gamm,Joyce	160783.00	OH	CINCINNATI	
Owned	INDW	Attica	ATT	Tyler,Darrell	8795.24	IN	ATTICA	YES
Owned	OH-KY	Augustine	AUG	Trammel,Fred	57852.40	KY	COVINGTON	
Owned	INDC	Aurora	AUR	Shelton,Ray	15159.90	IN	AURORA	NO
Owned	INDC	Aurora Garage	ARG	Shelton,Ray	1796.21	IN		NO
Owned	OH-KY	Batavia	BAT	Trammel,Fred	10626.40	OH	BATAVIA	
Owned	INDC	Bedford	BED	Shelton,Ray	21352.80	IN	BEDFORD	YES
Owned	INDW	Bloomfield	BLF	Tyler,Darrell	4140.87	IN	BLOOMFIELD	NO
Owned	INDW	Bloomfield Garage	BLG	Tyler,Darrell	864.26	IN		NO
Owned	INDW	Bloomington	BLO	Tyler,Darrell	32629.40	IN	BLOOMINGTON	YES
Owned	INDW	Brazill	BZL	Tyler,Darrell	9878.57	IN	BRAZILL	YES
Owned	INDW	Brazil Garage	BZG	Tyler,Darrell	3460.54	IN	BRAZILL	YES
Owned	INDW	Brazil Storage	BZS	Tyler,Darrell	1176.24	IN	BRAZILL	NO
Owned	OH-KY	Brecon 1 Service Building	BR1	Trammel,Fred	6791.45	OH	CINCINNATI	
Owned	OH-KY	Brecon 2 Store Room	BR2	Trammel,Fred	59106.50	OH	CINCINNATI	
Owned	OH-KY	Brecon 3 Maintenance	BR3	Trammel,Fred	8626.57	OH	CINCINNATI	
Owned	OH-KY	Brecon 4	BR4	Trammel,Fred	8226.45	OH	CINCINNATI	
Owned	OH-KY	Brecon 5	BR5	Trammel,Fred	8226.45	OH	CINCINNATI	
Owned	OH-KY	Brecon 6 Transportation	BR6	Trammel,Fred	3772.98	OH	CINCINNATI	
Owned	OH-KY	Brecon 7 Trans Garage	BR7	Trammel,Fred	21102.60	OH	CINCINNATI	
Owned	OH-KY	Brecon 8	BR8	Trammel,Fred	448.06	OH	CINCINNATI	
Owned	OH-KY	Brecon 9 Pole Building	BR9	Trammel,Fred	4256.47	OH	CINCINNATI	
Owned	INDC	Carmel	CAR	Shelton,Ray	18731.50	IN	CARMEI	YES
Owned	INDC	Carmel Out Building	CAO	Shelton,Ray	5701.31	IN	CARMEI	YES
Owned	INDC	Clarksville	CLK	Shelton,Ray	99709.50	IN	CLARKSVILLE	YES
Owned	INDC	Clarksville Garage	CKG	Shelton,Ray	1720.89	IN	CLARKSVILLE	YES
Owned	INDW	Clinton	CLN	Tyler,Darrell	17938.20	IN	CLINTON	UNKNOWN
Owned	INDW	Clinton Garage	CLG	Tyler,Darrell	1220.50	IN	CLINTON	UNKNOWN
Leased	4MH	Clopay	CLO	Gamm,Joyce	92368.20	OH	CINCINNATI	
Owned	INDC	Columbus	COL	Shelton,Ray	109584.00	IN	COLUMBUS	YES
Owned	INDC	Columbus Customer Service	CLC	Shelton,Ray	4501.51	IN		YES
Owned	INDC	Columbus IN Garage	COG	Shelton,Ray	1749.86	IN		NO
Owned	INDC	Connersville	CON	Shelton,Ray	24881.70	IN	CONNERSVILLE	YES
Owned	INDC	Corydon	CRY	Shelton,Ray	7172.80	IN	CORYDON	YES
Owned	OH-KY	Dana Electric	DAE	Trammel,Fred	112911.00	OH	CINCINNATI	
Owned	FAIR	Fairfield	FFD	Shelton,Ray	12765.50	OH	FAIRFIELD	YES
Owned	OH-KY	Florence	FLO	Trammel,Fred	150167.00	KY	FLORENCE	
Owned	INDC	Franklin	FRA	Shelton,Ray	23000.80	IN	FRANKLIN	NO
Owned	INDC	Franklin Garage	FRG	Shelton,Ray	3762.36	IN	FRANKLIN	NO
Owned	QUE	Front and Rose	FRO	Jett,Joe	9845.18	OH	CINCINNATI	N
Owned	OH-KY	Georgetown	GEO	Trammel,Fred	1232.48	OH	GEORGETOWN	
Owned	OH-KY	Georgetown Out Building	GOO	Trammel,Fred	532.78	OH	GEORGETOWN	
Owned	INDW	Greencastle	GNC	Tyler,Darrell	19024.90	IN	GREENCASTLE	YES
Owned	INDW	Greencastle Garage	GCG	Tyler,Darrell	2154.51	IN		YES
Owned	INDC	Greensburg	GNB	Shelton,Ray	22391.40	IN	GREENSBURG	YES
Owned	OH-KY	Hamlet	HML	Trammel,Fred	9641.62	OH	HAMLET	
Owned	OH-KY	Hamlet Garage	HMG	Trammel,Fred	200.63	OH	HAMLET	
Owned	OH-KY	Hartwell Service Building	HAO	Trammel,Fred	8780.01	OH	CINCINNATI	
Leased	HOL	Holiday Off Park-Linn St	HOL	Jett,Joe	16784.60	OH	CINCINNATI	NO
Owned	INDC	Huntington Garage	HNG	Shelton,Ray	5288.05	IN	HUNTINGTON	YES
Owned	INDC	Huntington Office Bldg	HUN	Shelton,Ray	17599.80	IN	HUNTINGTON	YES
Owned	INDC	Huntington Store Room	HNS	Shelton,Ray	3859.76	IN	HUNTINGTON	YES
Owned	PLA	Indiana 50's Building	I50	Morrison,Gail	148096.00	IN	PLAINFIELD	Y
Owned	PLA	Indiana 70's Building	I70	Morrison,Gail	69924.20	IN	PLAINFIELD	N
Owned	PLA	Indiana 80's Building	I80	Morrison,Gail	143076.00	IN	PLAINFIELD	N
Owned	INDW	Kokomo	KOK	Tyler,Darrell	182359.00	IN	KOKOMO	YES
Owned	INDW	Kokomo Outblgd Storage	KOS	Tyler,Darrell	8504.95	IN	KOKOMO	NO
Owned	INDW	Lafayette	LAF	Tyler,Darrell	30424.80	IN	LAFAYETTE	YES
Owned	INDW	Lafayette Cust Service	LFC	Tyler,Darrell	9103.62	IN	LAFAYETTE	YES
Owned	INDW	Lafayette Pole Barn	LFP	Tyler,Darrell	4144.13	IN	LAFAYETTE	NO
Owned	OH-KY	Little Miami	LIT	Trammel,Fred	12406.70	OH	MILFORD	
Owned	OH-KY	Little Miami Garage	LIG	Trammel,Fred	281.05	OH	MILFORD	
Owned	INDW	Loogootee	LOO	Tyler,Darrell	4097.30	IN	LOGOOTE	NO
Owned	INDC	Madison	MAD	Shelton,Ray	15394.80	IN	MADISON	YES
Owned	INDC	Madison Customer Service	MDC	Shelton,Ray	2503.17	IN	MADISON	
Owned	INDC	Madison Garage	MDG	Shelton,Ray	2805.53	IN	MADISON	YES
Owned	INDW	Martinsville	MAR	Tyler,Darrell	9318.82	IN	MARTINSVILLE	YES
Owned	INDC	Mitchell	MCH	Tyler,Darrell	1754.16	IN	MITCHELL	
Owned	OH-KY	Monfort Heights	MON	Trammel,Fred	35373.10	OH	CINCINNATI	
Owned	INDC	New Castle	NEW	Shelton,Ray	22578.20	IN	NEW CASTLE	YES
Owned	INDC	New Castle Garage	NWG	Shelton,Ray	2710.54	IN	NEW CASTLE	YES
Leased	OH-KY	Newport Office	NEWPORT	Trammel,Fred	2937.59	KY	NEWPORT	
Owned	INDC	Noblesville	NOB	Shelton,Ray	23166.50	IN	NOBLESVILLE	YES
Owned	INDW	Oakland City	OKD	Tyler,Darrell	4139.72	IN	OAKLAND	YES
Owned	OH-KY	Oakley	OAK	Trammel,Fred	5884.89	OH	CINCINNATI	
Owned	OH-KY	Oakley Storage	OAS	Trammel,Fred	7133.40	OH	CINCINNATI	
Owned	PLA	Plainfield DayCare Barn	IDM	Morrison,Gail	266.78	IN	PLAINFIELD	N
Owned	PLA	Plainfield Central Garage	IGA	Morrison,Gail	51625.10	IN	PLAINFIELD	Y
Owned	PLA	Plainfield DayCare	IDA	Morrison,Gail	18150.00	IN	PLAINFIELD	N
Owned	PLA	Plainfield Electric Shop	IEL	Morrison,Gail	74126.80	IN	PLAINFIELD	Y
Owned	PLA	Plainfield HVAC Building	IHV	Morrison,Gail	2284.69	IN	PLAINFIELD	N
Owned	PLA	Plainfield Oil House	IOH	Morrison,Gail	4371.23	IN	PLAINFIELD	Y
Owned	PLA	Plainfield PCB Building	IPC	Morrison,Gail	1171.36	IN	PLAINFIELD	N
Owned	PLA	Plainfield Stores Bldg	IST	Morrison,Gail	81286.30	IN	PLAINFIELD	Y
Owned	PLA	Plainfield Tunnel	ITN	Morrison,Gail	10021.30	IN	PLAINFIELD	Y
Owned	INDW	Plainfield/Danville	PLD	Tyler,Darrell	20347.90	IN	DANVILLE	YES
Owned	PLA	Plainfld Fac/Environmnt	IFE	Morrison,Gail	5384.03	IN	PLAINFIELD	N
Owned	PLA	Plainfld Helicopter Bldg	IHE	Morrison,Gail	14281.70	IN	PLAINFIELD	N

Leased/ Owned	Site Code	Building Name	Building Code	Building Contact	Int. Gross Net Area*	State Code	City Code	Asbestos Y/N
Owned	PLA	Pfifd Security Station	ISS	Morrison,Gail	111.85	IN	PLAINFIELD	N
Owned	PLA	Pfifd Training PoleBarn	ITP	Morrison,Gail	4472.01	IN	PLAINFIELD	N
Owned	INDW	Pfifd/Danville East Gar	PEG	Tyler,Darrell	3240.39	IN		NO
Owned	INDW	Pfifd/Danville West Gar	PWG	Tyler,Darrell	3198.54	IN		NO
Owned	INDW	Princeton	PRN	Tyler,Darrell	17163.00	IN	PRINCETON	NO
Owned	INDW	Princeton Garage	PRG	Tyler,Darrell	3115.58	IN		NO
Owned	QUE	Queensgate	QUE	Jett,Joe	161000.00	OH	CINCINNATI	Y
Owned	QUE	Queensgate Garage	QGG	Jett,Joe	6401.00	OH	CINCINNATI	Y
Owned	INDW	Rochester	ROC	Tyler,Darrell	8201.21	IN	ROCHESTER	YES
Owned	INDW	Rochester Large Garage	RLG	Tyler,Darrell	3584.11	IN	ROCHESTER	UNKNOWN
Owned	INDW	Rochester Small Garage	RSG	Tyler,Darrell	1666.04	IN	ROCHESTER	UNKNOWN
Owned	INDC	Rushville	RUS	Shelton,Ray	7055.37	IN	RUSHVILLE	YES
Owned	INDC	Salem	SAL	Shelton,Ray	3407.64	IN	SALEM	YES
Owned	INDC	Seymour	SEY	Shelton,Ray	17779.70	IN	SEYMOUR	YES
Owned	INDC	Seymour Garage	SYG	Shelton,Ray	5737.33	IN	SEYMOUR	YES
Owned	INDC	Shelbyville	SHL	Shelton,Ray	17156.70	IN	SHELBYVILLE	NO
Owned	INDC	Shelbyville Garage	SHG	Shelton,Ray	2292.69	IN	SHELBYVILLE	NO
Owned	INDW	Sullivan	SUL	Tyler,Darrell	17169.40	IN	SULLIVAN	YES
Owned	INDW	Sullivan Garage	SUG	Tyler,Darrell	2380.25	IN	SULLIVAN	YES
Owned	INDW	Sullivan Telecom EQ Bldg	SUT	Tyler,Darrell	576.00	IN	SULLIVAN	
Owned	INDW	Terre Haute	TER	Tyler,Darrell	148346.00	IN	TERRE HAUTE	YES
Owned	INDW	Terre Haute Cust Service	THC	Tyler,Darrell	6718.72	IN	TERRE HAUTE	NO
Owned	INDW	Terre Haute Garage	THG	Tyler,Darrell	3355.69	IN	TERRE HAUTE	YES
Owned	TOD	Todhunter	TOD	Shelton,Ray	23618.50	OH	MONROE	YES
Owned	TOD	Todhunter Extension	TDE	Shelton,Ray	1929.11	OH	MONROE	YES
Owned	TOD	Todhunter Garage	TDG	Shelton,Ray	4224.81	OH	MONROE	YES
Owned	OH-KY	Valley View	VAL	Trammel,Fred	6189.03	OH	CINCINNATI	
Owned	INDW	Vincennes	VIN	Tyler,Darrell	25065.80	IN	VINCENNES	NO
Owned	INDW	Vincennes Garage	VNG	Tyler,Darrell	3228.28	IN		NO
Owned	INDC	Wabash	WAB	Shelton,Ray	24327.00	IN	WABASH	YES
Owned	INDC	Wabash Large Garage	WLG	Shelton,Ray	2333.78	IN	WABASH	YES
Owned	INDC	Wabash Small Garage	WSG	Shelton,Ray	1552.03	IN	WABASH	YES

\* Does not indicate the amount of asbestos in the facility.







**Cinergy Solutions  
 Fin 47 - Asbestos**

Entity	Asbestos ARO	Explanation	Reviewer	Contract Section Reference
Tuscola	\$ -	transfer to customer or abandon in place w/ no cost or liability	JH	16 A pg 14
Lafarge	\$ -	New construction/ plant also transfers to lessee w/o recourse or warranty	JH	EEL Agreement Sec 19 pg 8
Ashtabula	\$ -	New construction/ plant also transfers to lessee w/o recourse or warranty	JH	EEL Agreement Sec 19 pg 9
St. Paul	\$ -	New construction/lessee's option to remove equipment	JH	Lease agreement sec 6.07 pg 18
Kodak	\$ -	customer owns assets	JH	n/a
Philadelphia	\$ -	customer owns assets	JH	n/a
South Houston Green Power	\$ -	New construction	JH	n/a
GM Shreveport	\$ -	GM owns facility after termination	JH	USA, Schedule 12
GM Oklahoma	\$ -	GM owns facility after termination	JH	USA, Schedule 12
GM Lansing	\$ -	Plant owned by LBWL	JH	n/a
GM Delta	\$ -	GM owns facility after termination	JH	USA, Schedule 12
GM Delta - Phase 2	\$ -	GM owns facility after termination	JH	USA, Schedule 12
Cincinnati /Coolco	\$ -	New construction	JH	n/a
Boca Raton	\$ -	New construction	JH	n/a
Millennium Baltimore	\$ -	New construction/ plant also transfers to lessee w/o recourse or warranty	JH	EEL Agreement Sec 19 pg 8
Sweetheart Cup	\$ -	New construction/ plant also transfers to lessee w/o recourse or warranty	JH	EEL Agreement Sec 19 pg 8
UMCP	\$ -	no longer owned by Cinergy	JH	n/a
Cinergy Gasco & subs	\$ -	no physical assets	JH	n/a
Orlando	\$ -	no longer owned by Cinergy	JH	n/a
US Energy Biogas	\$ -	newer construction	JH	n/a
St Bernard/P&G	\$ -	existing assets are owned by customer	JH	n/a
Celanese - Narrows	\$ -	no longer owned by Cinergy	JH	n/a
Celanese - Rock Hill	\$ -	contracted has been terminated by customer	JH	n/a
San Diego	\$ -	assets are owned by customer	JH	n/a
Monaca	\$ -	assets are owned by customer	JH	n/a
CS O&M/KGEN	\$ -	assets are owned by customer	JH	n/a
South Charleston/DOW	\$ -	new construction	JH	n/a

Asbestos Remediation Cost Estimates for FASB FIN 47

Unit	Total from Sargent and Lundy Report	Total with Common facilities (ALL) Allocated to each Unit	Percent FERC Code 311 Structures	Percent FERC Code 312 Boilers	Percent FERC Code 314 Turbine	Percent FERC Code 318 Misc.	Total for FERC Code 311 Structures	Whole Unit	Whole Unit	Whole Unit	Whole Unit	Check Total	Ownership Percentage	Share Unit	Share Unit	Share Unit	Share Unit	Notes
								Total for FERC Code 312 Boilers	Total for FERC Code 314 Turbine	Total for FERC Code 316 Misc.	Total for FERC Code 311 Structures			Total for FERC Code 312 Boilers	Total for FERC Code 314 Turbine	Total for FERC Code 316 Misc.		
Beckjord 1	\$ 503,936	\$ 503,936	0%	78.89%	21.11%	0%	\$ -	\$ 397,555	\$ 106,381	\$ -	\$ -	100%	\$ -	\$ 397,555	\$ 106,381	\$ -		
Beckjord 2	\$ 544,876	\$ 544,876	0%	78.89%	21.11%	0%	\$ -	\$ 429,853	\$ 115,023	\$ -	\$ -	100%	\$ -	\$ 429,853	\$ 115,023	\$ -		
Beckjord 3	\$ 480,213	\$ 480,213	0%	78.89%	21.11%	0%	\$ -	\$ 378,840	\$ 101,373	\$ -	\$ -	100%	\$ -	\$ 378,840	\$ 101,373	\$ -		
Beckjord 4	\$ 1,238,322	\$ 1,238,322	0%	78.89%	21.11%	0%	\$ -	\$ 976,912	\$ 261,410	\$ -	\$ -	100%	\$ -	\$ 976,912	\$ 261,410	\$ -		
Beckjord 5	\$ 477,465	\$ 477,465	0%	78.89%	21.11%	0%	\$ -	\$ 376,672	\$ 100,793	\$ -	\$ -	100%	\$ -	\$ 376,672	\$ 100,793	\$ -		
Beckjord 6	\$ 672,877	\$ 672,877	0%	87.84%	12.16%	0%	\$ -	\$ 591,055	\$ 81,822	\$ -	\$ -	37.5%	\$ -	\$ 221,646	\$ 30,683	\$ -		
Beckjord All Station Total	\$ 3,917,689	\$ 3,917,689															Note 1	
Cayuga 1	\$ 759,449	\$ 759,449	0.00%	87.84%	12.16%	0.00%	\$ -	\$ 667,100	\$ 92,349	\$ -	\$ -	100%	\$ -	\$ 667,100	\$ 92,349	\$ -		
Cayuga 2	\$ 759,449	\$ 759,449	0.00%	87.84%	12.16%	0.00%	\$ -	\$ 667,100	\$ 92,349	\$ -	\$ -	100%	\$ -	\$ 667,100	\$ 92,349	\$ -		
Cayuga All Station Total	\$ 1,518,898	\$ 1,518,898															Note 2	
Conesville 4	\$ 324,480	\$ 324,480	0.00%	87.84%	12.16%	0.00%	\$ -	\$ 285,023	\$ 39,457	\$ -	\$ (0)	40%	\$ -	\$ 114,009	\$ 15,783	\$ -	Note 3	
East Bend 2	\$ 853,875	\$ 853,875	0%	0%	100%	0%	\$ -	\$ -	\$ 853,875	\$ -	\$ -	69.0%	\$ -	\$ -	\$ 589,174	\$ -	Note 4	
Edwardsport 6	\$ 861,990	\$ 1,066,116	7.45%	62.57%	18.28%	11.70%	\$ 79,426	\$ 667,069	\$ 194,886	\$ 124,736	\$ -	100%	\$ 79,426	\$ 667,069	\$ 194,886	\$ 124,736		
Edwardsport 7	\$ 424,296	\$ 524,773	7.45%	52.99%	27.86%	11.70%	\$ 39,096	\$ 278,077	\$ 146,202	\$ 61,398	\$ 0	100%	\$ 39,096	\$ 278,077	\$ 146,202	\$ 61,398		
Edwardsport 8	\$ 424,296	\$ 524,773	7.45%	52.99%	27.86%	11.70%	\$ 39,096	\$ 278,077	\$ 146,202	\$ 61,398	\$ 0	100%	\$ 39,096	\$ 278,077	\$ 146,202	\$ 61,398		
Edwardsport All Station Total	\$ 405,080	\$ -															Note 5	
Gallagher 1	\$ 1,922,131	\$ 2,012,531	0%	84.74%	10.77%	4.49%	\$ -	\$ 1,705,418	\$ 216,750	\$ 90,363	\$ -	100%	\$ -	\$ 1,705,418	\$ 216,750	\$ 90,363		
Gallagher 2	\$ 1,922,131	\$ 2,012,531	0%	84.74%	10.77%	4.49%	\$ -	\$ 1,705,418	\$ 216,750	\$ 90,363	\$ -	100%	\$ -	\$ 1,705,418	\$ 216,750	\$ 90,363		
Gallagher 3	\$ 1,922,131	\$ 2,012,531	0%	84.74%	10.77%	4.49%	\$ -	\$ 1,705,418	\$ 216,750	\$ 90,363	\$ -	100%	\$ -	\$ 1,705,418	\$ 216,750	\$ 90,363		
Gallagher 4	\$ 1,922,131	\$ 2,012,531	0%	84.74%	10.77%	4.49%	\$ -	\$ 1,705,418	\$ 216,750	\$ 90,363	\$ -	100%	\$ -	\$ 1,705,418	\$ 216,750	\$ 90,363		
Gallagher All Station Total	\$ 361,598	\$ -															Note 6	
Gibson 1	\$ 1,617,370	\$ 2,430,947	100%	0%	0%	0%	\$ 2,430,947	\$ -	\$ -	\$ -	\$ -	100%	\$ 2,430,947	\$ -	\$ -	\$ -		
Gibson 2	\$ 1,617,370	\$ 2,430,947	100%	0%	0%	0%	\$ 2,430,947	\$ -	\$ -	\$ -	\$ -	100%	\$ 2,430,947	\$ -	\$ -	\$ -		
Gibson 3	\$ 1,575,175	\$ 2,367,527	100%	0%	0%	0%	\$ 2,367,527	\$ -	\$ -	\$ -	\$ -	100%	\$ 2,367,527	\$ -	\$ -	\$ -		
Gibson 4	\$ 1,575,175	\$ 2,367,527	100%	0%	0%	0%	\$ 2,367,527	\$ -	\$ -	\$ -	\$ -	100%	\$ 2,367,527	\$ -	\$ -	\$ -		
Gibson 5	\$ 1,575,175	\$ 2,367,527	100%	0%	0%	0%	\$ 2,367,527	\$ -	\$ -	\$ -	\$ -	50.05%	\$ 1,184,947	\$ -	\$ -	\$ -		
Gibson All Station Total	\$ 4,004,212	\$ -															Note 7	
Killen 2	\$ 853,875	\$ 853,875	0%	0%	100%	0%	\$ -	\$ -	\$ 853,875	\$ -	\$ -	33.0%	\$ -	\$ -	\$ 281,779	\$ -	Note 8	
Markland 1-3	\$ -	\$ -	0%	0%	0%	0%	\$ -	\$ -	\$ -	\$ -	\$ -	100%	\$ -	\$ -	\$ -	\$ -	Note 9	

Asbestos Remediation Cost Estimates for FASB FIN 47

Miami Fort 3	\$ 385,029	\$ 385,029	1.53%	43.56%	54.91%	0.00%	\$ 5,891	\$ 167,719	\$ 211,419	\$ -	\$ -	100%	\$ 5,891	\$ 167,719	\$ 211,419	\$ -	
Miami Fort 4	\$ 385,029	\$ 385,029	1.53%	43.56%	54.91%	0.00%	\$ 5,891	\$ 167,719	\$ 211,419	\$ -	\$ -	100%	\$ 5,891	\$ 167,719	\$ 211,419	\$ -	
Miami Fort 5	\$ 1,893,169	\$ 1,893,169	2.48%	79.37%	18.15%	0.00%	\$ 46,951	\$ 1,502,608	\$ 343,610	\$ -	\$ (0)	100%	\$ 46,951	\$ 1,502,608	\$ 343,610	\$ -	
Miami Fort 6	\$ 2,176,075	\$ 2,176,075	19.47%	41.29%	39.24%	0.00%	\$ 423,682	\$ 898,501	\$ 853,892	\$ -	\$ -	100%	\$ 423,682	\$ 898,501	\$ 853,892	\$ -	
Miami Fort 7	\$ -	\$ -	0%	0%	0%	0%	\$ -	\$ -	\$ -	\$ -	\$ -	64%	\$ -	\$ -	\$ -	\$ -	
Miami Fort 8	\$ -	\$ -	0%	0%	0%	0%	\$ -	\$ -	\$ -	\$ -	\$ -	64%	\$ -	\$ -	\$ -	\$ -	
Miami Fort All	\$ -	\$ -															
Station Total	\$ 4,839,302	\$ 4,839,302															Note 10
Noblesville 1	\$ -	\$ 235,573	8.48%	41.77%	49.75%	0.00%	\$ 19,977	\$ 98,399	\$ 117,198	\$ -	\$ -	100%	\$ 19,977	\$ 98,399	\$ 117,198	\$ -	
Noblesville 2	\$ -	\$ 235,573	8.48%	41.77%	49.75%	0.00%	\$ 19,977	\$ 98,399	\$ 117,198	\$ -	\$ -	100%	\$ 19,977	\$ 98,399	\$ 117,198	\$ -	
Noblesville 3	\$ -	\$ 235,573	8.48%	41.77%	49.75%	0.00%	\$ 19,977	\$ 98,399	\$ 117,198	\$ -	\$ -	100%	\$ 19,977	\$ 98,399	\$ 117,198	\$ -	
Noblesville All	\$ 706,720	\$ -															
Station Total	\$ 706,720	\$ 706,720															Note 11
Stuart 1	\$ 1,575,175	\$ 2,376,017	100%	0%	0%	0%	\$ 2,376,017	\$ -	\$ -	\$ -	\$ -	39%	\$ 926,647	\$ -	\$ -	\$ -	
Stuart 2	\$ 1,575,175	\$ 2,376,017	100%	0%	0%	0%	\$ 2,376,017	\$ -	\$ -	\$ -	\$ -	39%	\$ 926,647	\$ -	\$ -	\$ -	
Stuart 3	\$ 1,575,175	\$ 2,376,017	100%	0%	0%	0%	\$ 2,376,017	\$ -	\$ -	\$ -	\$ -	39%	\$ 926,647	\$ -	\$ -	\$ -	
Stuart 4	\$ 1,575,175	\$ 2,376,017	100%	0%	0%	0%	\$ 2,376,017	\$ -	\$ -	\$ -	\$ -	39%	\$ 926,647	\$ -	\$ -	\$ -	
Stuart All	\$ 3,203,370	\$ -															
Station Total	\$ 9,504,070	\$ 9,504,070															Note 12
Wabash River 1	\$ 542,278	\$ 542,278	0%	84%	16%	0%	\$ -	\$ 455,514	\$ 86,764	\$ -	\$ -	100%	\$ -	\$ 455,514	\$ 86,764	\$ -	
Wabash River 2	\$ 586,333	\$ 586,333	0%	88%	12%	0%	\$ -	\$ 515,973	\$ 70,360	\$ -	\$ -	100%	\$ -	\$ 515,973	\$ 70,360	\$ -	
Wabash River 3	\$ 700,206	\$ 700,206	0%	90%	10%	0%	\$ -	\$ 630,185	\$ 70,021	\$ -	\$ -	100%	\$ -	\$ 630,185	\$ 70,021	\$ -	
Wabash River 4	\$ 586,333	\$ 586,333	0%	88%	12%	0%	\$ -	\$ 515,973	\$ 70,360	\$ -	\$ -	100%	\$ -	\$ 515,973	\$ 70,360	\$ -	
Wabash River 5	\$ 480,213	\$ 480,213	0%	90%	10%	0%	\$ -	\$ 432,192	\$ 48,021	\$ -	\$ -	100%	\$ -	\$ 432,192	\$ 48,021	\$ -	
Wabash River 6	\$ 628,157	\$ 628,157	0%	78%	22%	0%	\$ -	\$ 489,962	\$ 138,195	\$ -	\$ -	100%	\$ -	\$ 489,962	\$ 138,195	\$ -	
Wabash River All	\$ -	\$ -															
Station Total	\$ 3,523,520	\$ 3,523,520															Note 13
Zimmer	\$ 5,039,793	\$ 5,039,793	0%	0%	100%	0%	\$ -	\$ -	\$ 5,039,793	\$ -	\$ -	46.5%	\$ -	\$ -	\$ 2,343,504	\$ -	Note 14
PSI (PSI Energy) CT Units																	Note 15
Cayuga CT (4)																	
Cayuga Diesel (3a, 3b, 3c, 3d)																	
Connersville (1,2)																	
Henry County (1,2,3)																	
Madison (1,2,3,4,5,6,7,8)																	
Noblesville (1,2,3)																	
Wabash River 1																	
Wabash River Diesel (7a, 7b, 7c, 7d, 7e, 7f)																	
Wheatland (1,2,3,4)																	
CGE (Cincinnati Gas and Electric) CT Units																	Note 15
Beckjord CTs (1,2,3,4)																	
Dicks Creek CTs (1,3,4,5)																	
Miami Fort Cts (3,4,5,6)																	
UHL&P (Union Heat Light and Power) CT Units																	Note 15
Woodsdale (1,2,3,4,5,6,)																	
CCT (Cinergy Capital and Trading) CTs																	Note 15

Asbestos Remediation Cost Estimates for FASB FIN 47

Brownsville (1,2,3,4)  
Caledonia (1,2,3,4,5,6)

Notes:

- 1 Beckford data is from the Sargent and Lundy report dated Dec. 19, 2005; assume FERC code percentages are similar to a comparable Wabash River unit
- 2 Cayuga data is from the Sargent and Lundy report dated Dec. 19, 2005
- 3 Conesville data is from AEP email dated Dec. 19, 2005; assume FERC code percentages are similar to the Cayuga units which have same vintage
- 4 East Bend data is from the Sargent and Lundy Decommissioning Cost Estimate report dated October 31, 2005
- 5 Edwardsport data is from the Sargent and Lundy report dated Dec. 19, 2005
- 6 Gallagher data is from the Sargent and Lundy report dated Dec. 19, 2005
- 7 Gibson data is from the Sargent and Lundy report dated Dec. 19, 2005
- 8 Killen is assumed to be similar to East Bend since no data was received from DP&L
- 9 Markland is assumed to be asbestos free for this estimate
- 10 Miami Fort 3-4-5-6- data is from the Sargent and Lundy report dated Dec. 19, 2005; Miami Fort 7 and 8 are assumed to be asbestos free for this estimate.
- 11 Noblesville data is from the Sargent and Lundy report dated Dec. 19, 2005
- 12 The Stuart units are assumed to be similar to the Gibson units since no data was received from DP&L
- 13 Wabash River data is from the Sargent and Lundy report dated Dec. 19, 2005
- 14 Zimmer data is from the Sargent and Lundy report dated Dec. 19, 2005; assume cooling tower fill is in FERCAccount 316
- 15 All CT, CTCC and diesel units were found to be asbestos free for this estimate

Unit	Boiler Piping	Boiler Surface	Boiler Total - 312	Turbine Piping 314	Structures 311	Misc 316	Grand Total	Percent Boiler 312	Percent Turbine 314	Percent Structures 311	Percent Misc 316
Cayuga 1			\$ 485,152	\$ 67,174	-	-	552,326	88%	12%	0%	0%
Cayuga 2			\$ 485,152	\$ 67,174	-	-	552,326	88%	12%	0%	0%
<b>Add Directs and Indirects</b>											
Cayuga 1	-	-	\$ 667,084	\$ 92,364	-	-	759,448	87.84%	12.16%	0.00%	0.00%
Cayuga 2	-	-	\$ 667,084	\$ 92,364	-	-	759,448	87.84%	12.16%	0.00%	0.00%
<b>Total</b>			1,334,168	184,729	-	-	1,518,897				
											\$ 1,518,897
											\$ 1,104,652
											1.375

Unit	Boiler Piping	Boiler Surface	Boiler Total - 312	Turbine Piping 314	Structures 311	Misc 316	Grand Total	Percent Boiler 312	Percent Turbine 314	Percent Structure s 311	Percent Misc 316
East Bend	-	-	\$ -	\$ 621,000	-	-	621,000	0%	100%	0%	0%
<b>Add Directs and Indirects</b>											
East Bend	485,152	-	\$ -	\$853,875.00	-	-	853,875	0.00%	100.00%	0.00%	0.00%
<b>Total</b>				853,875			853,875				
				Indirects	10%						
				Premium	25%						
					1.375						



Unit	Boiler Piping	Boiler Surface	Boiler Total - 312	Turbine Piping 314	Structures 311	Misc 316	Grand Total	Percent Boiler 312	Percent Turbine 314	Percent Structures 311	Percent Misc 316
Galalgher 1	1,240,279	-	1,240,279	157,635	-	-	1,397,914				
Galalgher 2	1,240,279	-	1,240,279	157,635	-	-	1,397,914				
Galalgher 3	1,240,279	-	1,240,279	157,635	-	-	1,397,914				
Galalgher 4	1,240,279	-	1,240,279	157,635	-	-	1,397,914				
Galalgher All					\$ -	\$ 262,980	262,980				
<b>Reallocate 311 and 316 to units</b>							5,854,636				
Galalgher 1	1,240,279	-	1,240,279	157,635	-	65,745	1,463,659				
Galalgher 2	1,240,279	-	1,240,279	157,635	-	65,745	1,463,659				
Galalgher 3	1,240,279	-	1,240,279	157,635	-	65,745	1,463,659				
Galalgher 4	1,240,279	-	1,240,279	157,635	-	65,745	1,463,659				
<b>Add Directs and Indirects</b>							5,854,636				
Galalgher 1			\$ 1,705,384	\$ 216,748	\$ -	\$ 90,399	2,012,531	84.74%	10.77%	0.00%	4.49%
Galalgher 2			\$ 1,705,384	\$ 216,748	\$ -	\$ 90,399	2,012,531	84.74%	10.77%	0.00%	4.49%
Galalgher 3			\$ 1,705,384	\$ 216,748	\$ -	\$ 90,399	2,012,531	84.74%	10.77%	0.00%	4.49%
Galalgher 4			\$ 1,705,384	\$ 216,748	\$ -	\$ 90,399	2,012,531	84.74%	10.77%	0.00%	4.49%
<b>Total</b>			3,410,767	433,496	-	180,799	8,050,125				
				\$ 8,050,122							
				\$ 5,854,634							
				1.375							



Unit	Boiler Piping	Boiler Surface	Boiler Total - 312	Turbine Piping 314	Structures 311	Misc 316	Grand Total	Percent Boiler 312	Percent Turbine 314	Percent Structures 311	Percent Misc 316
Miami Fort 3	1,240,279	-	\$ 121,968	\$ 153,765	\$ 4,288	\$ -	280,021				
Miami Fort 4	1,240,279	-	\$ 121,968	\$ 153,765	\$ 4,288	\$ -	280,021				
Miami Fort 5	1,240,279	-	\$ 1,092,795	\$ 249,885	\$ 34,170	\$ -	1,376,850				
Miami Fort 6	1,240,279	-	\$ 653,400	\$ 621,000	\$ 308,200	\$ -	1,562,600				
							3,519,492				
<b>Add Directs and Indirects</b>											
Miami Fort 3			\$ 167,706	\$ 211,427	\$ 5,896	\$ -	385,029	43.56%	54.91%	1.53%	0.00%
Miami Fort 4			\$ 167,706	\$ 211,427	\$ 5,896	\$ -	385,029	43.56%	54.91%	1.53%	0.00%
Miami Fort 5			\$ 1,502,593	\$ 343,592	\$ 46,984	\$ -	1,893,169	79.37%	18.15%	2.48%	0.00%
Miami Fort 6			\$ 898,425	\$ 853,875	\$ 423,775	\$ -	2,176,075	41.29%	39.24%	19.47%	0.00%
<b>Total</b>			2,401,018	1,197,467	470,759	-	4,839,302				
				\$ 4,839,302							
				\$ 3,519,492							
				1,375							

Unit	Boiler Piping	Boiler Surface	Boiler Total - 312	Turbine Piping 314	Structures 311	Misc 316	Grand Total	Percent Boiler 312	Percent Turbine 314	Percent Structures 311	Percent Misc 316
Noblesville 1 and 2	485,152	-	214,698	255,690	43,590	-	513,978	42%	50%	8%	0%
<b>Add Directs and Indirects</b>											
Noblesville 1 and 2	485,152	-	295,210	351,574	59,936	-	706,720	41.77%	49.75%	8.48%	0.00%
							\$ 706,720				
							\$ 513,978				
							1.375				

Unit	Boiler Piping	Boiler Surface	Boiler Total - 312	Turbine Piping 314	Structures 311	Misc 316	Grand Total	Percent Boiler 312	Percent Turbine 314	Percent Structures 311	Percent Misc 316
Wabash River 1			\$ 331,267	\$ 63,117	\$ -	\$ -	394,384				
Wabash River 2			\$ 331,267	\$ 95,157	\$ -	\$ -	426,424				
Wabash River 3			\$ 414,084	\$ 95,157	\$ -	\$ -	509,241				
Wabash River 4			\$ 331,267	\$ 95,157	\$ -	\$ -	426,424				
Wabash River 5			\$ 257,664	\$ 91,582	\$ -	\$ -	349,246				
Wabash River 6			\$ 401,280	\$ 55,562	\$ -	\$ -	456,842				
							2,562,561				
<b>Add Directs and Indirects</b>											
Wabash River 1			\$ 455,492	\$ 86,786	\$ -	\$ -	542,278	84.00%	16.00%	0.00%	0.00%
Wabash River 2			\$ 455,492	\$ 130,841	\$ -	\$ -	586,333	77.68%	22.32%	0.00%	0.00%
Wabash River 3			\$ 569,365	\$ 130,841	\$ -	\$ -	700,206	81.31%	18.69%	0.00%	0.00%
Wabash River 4			\$ 455,492	\$ 130,841	\$ -	\$ -	586,333	77.68%	22.32%	0.00%	0.00%
Wabash River 5			\$ 354,288	\$ 125,925	\$ -	\$ -	480,213	73.78%	26.22%	0.00%	0.00%
Wabash River 6			\$ 551,760	\$ 76,398	\$ -	\$ -	628,158	87.84%	12.16%	0.00%	0.00%
<b>Total</b>			906,048	202,323	-	-	3,523,521	Average 1-2-3-4-5			
								78.89%	21.11%	0.00%	0.00%
				\$	3,523,521						
				\$	2,562,561						
					1.375						

Fin 47 Gas Mains  
 December 31, 2005 Adoption Entries

<b>Total CG&amp;E (and Cinergy) Consolidated</b>		
<u>CG&amp;E Consolidated Mains 12/31/05 Adoption entry:</u>		
dr. ARC	8,083,902	
dr. COR	26,952,404	
dr. Cum effect	68,585	
cr. ARC Accum dep		3,125,144
cr. ARO		31,979,747

**CG&E Standalone**

CG&E Bare Steel and Cast Iron 12/31/05 Adoption entry:

dr. ARC	1,173,599	
dr. COR	7,632,664	
cr. ARC Accum dep		1,044,399
cr. ARO		7,761,864

CG&E Coated Steel 12/31/05 Adoption entry:

dr. ARC	2,007,400	
dr. COR	11,272,921	
cr. ARC Accum dep		971,366
cr. ARO		12,308,955

CG&E Plastic 12/31/05 Adoption entry:

dr. ARC	3,124,214	
dr. COR	2,850,144	
cr. ARC Accum dep		444,902
cr. ARO		5,529,456

**Total CG&E Standalone**

CG&E Mains 12/31/05 Adoption Entry:

dr. ARC	6,305,213	
dr. COR	21,755,729	
cr. ARC Accum dep		2,460,667
cr. ARO		25,600,275

**ULH&P**

ULH&P Bare Steel and Cast Iron 12/31/05 Adoption entry:

dr. ARC	180,463	
dr. COR	1,128,299	
cr. ARC Accum dep		169,113
cr. ARO		1,139,649

ULH&P Coated Steel 12/31/05 Adoption entry:

dr. ARC	657,230	
dr. COR	3,297,557	
cr. ARC Accum dep		345,251
cr. ARO		3,609,536

ULH&P Plastic 12/31/05 Adoption entry:

dr. ARC	908,305	
dr. COR	770,819	
cr. ARC Accum dep		122,533
cr. ARO		1,556,591

**Total ULH&P**

CG&E Mains 12/31/05 Adoption Entry:

dr. ARC	1,745,998	
dr. COR	5,196,675	
cr. ARC Accum dep		636,896
cr. ARO		6,305,777

**KO Transmission**

KO 12/31/05 River Project Adoption entry:

dr. ARC	32,691	
dr. Cum effect	68,585	
cr. ARC Accum dep		27,580
cr. ARO		73,695

Fin 47 December 31, 2005 Adoption  
 KO Transmission River Project

Main type:	In-service for river portion:	Purchase date	Cherry's regulations effective date:	DOT ARO vintage	Age at 12/31/200	Expected Settlement Date:	Inflation rate:	Discount rate:	Obligation 2005 \$	Inflation factor	Inflated to Settlement	\$ Discounted to										
												12/31/2005	6/1/1990	Cum Catch	Cum Catch	9/30/2005	6/30/2005	3/31/2005	12/31/2004	12/31/2003	12/31/2002	
KO	Coated steel	1948	6/1/1990	8/19/1970	6/1/1990	57	6/30/2007	2.50%	5.33%	\$ 20,000	1.0377	\$ 20,735	19,205	8,451	10,654	7,802	18,955	18,709	18,468	18,234	17,309	16,434
	Coated steel	1948	6/1/1990	8/19/1970	6/1/1990	57	6/30/2008	2.50%	5.33%	\$ 20,000	1.0637	\$ 21,274	18,687	8,320	10,367	7,171	18,444	18,204	17,970	17,742	16,842	15,991
	Coated steel	1948	6/1/1990	8/19/1970	6/1/1990	57	6/30/2009	2.50%	5.33%	\$ 20,000	1.0993	\$ 21,805	18,185	8,097	10,089	6,613	17,949	17,716	17,488	17,266	16,391	15,562
	Coated steel	1948	6/1/1990	8/19/1970	6/1/1990	57	6/30/2010	2.50%	5.43%	\$ 20,000	1.1175	\$ 22,351	17,618	7,723	9,895	5,994	17,385	17,155	16,930	16,711	15,848	15,032
									\$ 80,000			73,695	32,691	41,005	27,580	72,733	71,784	70,857	69,952	66,390	63,018	

KO 12/31/05 River Project Adoption entry  
 dr. ARO 32,691  
 dr. Cum catch 68,585  
 cr. ARO Accum dep 27,580  
 cr. ARO 73,695

**Gas Mains Summary Data  
 CGE and ULHP**

<u>Main type:</u>	<u>Miles:</u>	<u>% of total</u>	<u>Average in service:</u>	<u>DOT regulations effective date:</u>	<u>ARO vintage</u>	<u>Life per Spanos' study:</u>	<u>Expected Settlement Date:</u>	<u>Obligation 2005 \$s</u>
<b>CG&amp;E</b>								
Bare steel (1)	142	3%	1924	8/19/1970	8/19/1970	N/A	2006-2015	1,749,021
Cast Iron (1)	587	11%	1927	8/19/1970	8/19/1970	N/A	2006-2015	7,222,702
Coated steel	2,697	49%	N/A	8/19/1970	dependent on in-service date		60 service date	33,175,475
Plastic	2,077	38%	N/A	8/19/1970	dependent on in-service date		50 service date	25,546,017
	<u>5,502</u>							<u>67,693,215</u>
<b>ULH&amp;P</b>								
Bare steel (2)	19	1%	1927	8/19/1970	8/19/1970	N/A	2006-2010	233,387
Cast Iron (2)	80	6%	1930	8/19/1970	8/19/1970	N/A	2006-2010	986,410
Coated steel	660	49%	N/A	8/19/1970	dependent on in-service date		53 service date	8,121,574
Plastic	598	44%	N/A	8/19/1970	dependent on in-service date		50 service date	7,352,007
	<u>1,357</u>							<u>16,693,378</u>
<b>Total</b>	<u><u>6,859</u></u>							<u><u>84,386,593</u></u>

- (1) Will be removed over next 10 years with AMRP program.
- (2) Will be removed over next 5 years with AMRP program.

Pin 47 Bare Steel and Cast Iron  
Gas Mains (AMRP Items)  
December 31, 2005 Adoption

Main type:	Vintage (DOT regulations effective date):	Expected Settlement Date:	Inflation rate:	Discount rate:	Footage:	Obligation 2005 \$:	Inflation factor:	Inflated to Settlement 12/31/2005:	Accretion Cum Catch:	Depreciate n Cum Catch:	\$ Discounted																	
											9/30/2005	6/30/2005	3/31/2005	12/31/2004	12/31/2003	12/31/2002	12/31/2001	12/31/2000	12/31/1999	12/31/1998	12/31/1997	12/31/1996						
CG&E	Bare mains and cast iron	8/19/1970	6/30/2006	2.50%	5.33%	385,053	\$ 897,172	1.0124	\$ 908,318	885,244	141,100	744,145	139,150	873,742	862,389	851,305	840,482	797,870	757,527	737,203	717,323	698,078	674,295	650,027	631,236	606,701	581,961	557,120
	Bare mains and cast iron	8/19/1970	6/30/2007	2.50%	5.33%	385,053	\$ 897,172	1.0377	\$ 931,026	861,494	137,314	724,180	131,746	850,301	839,252	828,465	817,933	776,465	737,203	717,323	698,078	674,295	650,027	631,236	606,701	581,961	557,120	
	Bare mains and cast iron	8/19/1970	6/30/2008	2.50%	5.33%	385,053	\$ 897,172	1.0637	\$ 954,301	838,263	133,611	704,651	124,800	827,371	816,620	806,124	795,876	755,526	717,323	698,078	674,295	650,027	631,236	606,701	581,961	557,120		
	Bare mains and cast iron	8/19/1970	6/30/2009	2.50%	5.33%	385,053	\$ 897,172	1.0903	\$ 978,159	815,773	130,027	685,747	118,329	805,174	794,712	784,497	774,524	735,256	698,078	674,295	650,027	631,236	606,701	581,961	557,120			
	Bare mains and cast iron	8/19/1970	6/30/2010	2.50%	5.43%	385,053	\$ 897,172	1.1175	\$ 1,002,613	790,339	121,611	668,728	107,896	779,874	769,548	759,468	749,629	710,914	674,295	650,027	631,236	606,701	581,961	557,120				
	Bare mains and cast iron	8/19/1970	6/30/2011	2.50%	5.46%	385,053	\$ 897,172	1.1455	\$ 1,027,678	764,175	113,514	650,661	98,250	753,868	743,699	733,776	724,092	686,010	650,027	631,236	606,701	581,961	557,120					
	Bare mains and cast iron	8/19/1970	6/30/2012	2.50%	5.54%	385,053	\$ 897,172	1.1741	\$ 1,053,370	742,085	110,233	631,852	93,126	732,075	722,200	712,564	703,160	666,179	631,236	606,701	581,961	557,120						
	Bare mains and cast iron	8/19/1970	6/30/2013	2.50%	5.64%	385,053	\$ 897,172	1.2035	\$ 1,079,704	715,377	102,587	612,790	84,646	705,551	695,859	686,404	677,179	640,924	606,701	581,961	557,120							
	Bare mains and cast iron	8/19/1970	6/30/2014	2.50%	5.75%	385,053	\$ 897,172	1.2335	\$ 1,106,697	688,259	95,282	592,978	76,827	678,635	669,145	659,889	650,861	615,401	581,961	557,120								
	Bare mains and cast iron	8/19/1970	6/30/2015	2.50%	5.85%	385,053	\$ 897,172	1.2644	\$ 1,134,364	660,853	88,321	572,532	69,628	651,449	642,178	633,138	624,322	589,719	557,120									
						\$ 8,971,723			\$ 7,761,864	\$ 1,173,599	\$ 6,588,265	\$ 1,044,399	\$ 7,658,039	\$ 7,555,604	\$ 7,455,631	\$ 7,358,060	\$ 6,974,263	\$ 6,611,471										

CG&E Bare Main and Cast Iron 12/31/05 Adoption entry.  
dr. ARC 1,173,599  
cr. ARC Accum dep 7,632,664  
1,044,399  
7,761,864

ULH&P  
Bare mains and cast iron  
8/19/1970 6/30/2006 2.50% 5.33% 104,704 \$ 243,959 1.0124 \$ 246,990 240,716 38,368 202,348 37,838 237,588 234,501 231,487 228,544 216,957 205,987  
Bare mains and cast iron 8/19/1970 6/30/2007 2.50% 5.33% 104,704 \$ 243,959 1.0377 \$ 253,165 234,258 37,339 196,919 35,824 231,214 228,210 225,277 222,413 211,137 200,461  
Bare mains and cast iron 8/19/1970 6/30/2008 2.50% 5.33% 104,704 \$ 243,959 1.0637 \$ 259,494 227,941 36,332 191,609 33,936 224,979 222,056 219,202 216,415 205,443 195,055  
Bare mains and cast iron 8/19/1970 6/30/2009 2.50% 5.33% 104,704 \$ 243,959 1.0903 \$ 265,981 221,825 35,357 186,468 32,176 218,943 216,098 213,321 210,609 199,931 189,822  
Bare mains and cast iron 8/19/1970 6/30/2010 2.50% 5.43% 104,704 \$ 243,959 1.1175 \$ 272,631 214,909 33,069 181,841 29,339 212,064 209,256 206,515 203,839 193,312 183,354

ULH&P Bare Main and Cast Iron 12/31/05 Adoption entry.  
dr. ARC 180,463  
cr. ARC Accum dep 1,128,299  
169,113  
1,139,649

\$ 1,219,797  
\$ 1,139,649 \$ 180,463 \$ 959,186 \$ 169,113  
\$ 1,124,788 \$ 1,110,121 \$ 1,095,801 \$ 1,081,820 \$ 1,026,779 \$ 974,678

CGE Coated Steel  
Fin #7 ARO Calculation

Avg. Age	Footage	Avg.	Years Old	Age (y)	Expected retirement (ft)	Village	2005 \$a	Inflation factor	Inflated to	Discount rate	12/31/2005	Village	Accretion Cum Catch	ARC Cum	9/30/2005	6/30/2005	3/31/2005	12/31/2004	12/31/2003	12/31/2002	Discounted \$	
																					Discounted \$	Discounted \$
1946 Total	11,398	1946	59.3	63/01/946	6/30/2006	8/19/1970	\$ 26,577	1.0124	\$ 26,887	5.33%	26,804	4,177	22,028	4,119	25,864	23,528	23,207	24,879	23,612	22,424	Discounted \$	Discounted \$
1947 Total	1,667	1947	58.5	63/01/947	6/30/2007	8/19/1970	\$ 3,884	1.0377	\$ 4,031	5.33%	3,730	594	3,135	570	3,681	3,633	3,587	3,541	3,462	3,392	Discounted \$	Discounted \$
1948 Total	38,668	1948	57.5	63/01/948	6/30/2008	8/19/1970	\$ 90,096	1.0637	\$ 95,833	5.33%	84,181	13,418	70,673	12,533	83,087	82,007	80,953	79,294	78,872	72,035	Discounted \$	Discounted \$
1949 Total	31,847	1949	56.5	63/01/949	6/30/2009	8/19/1970	\$ 74,204	1.0903	\$ 80,902	5.43%	67,471	10,754	56,611	9,787	66,594	65,729	64,884	64,059	62,787	57,737	Discounted \$	Discounted \$
1950 Total	32,251	1950	55.5	63/01/950	6/30/2010	8/19/1970	\$ 75,745	1.1175	\$ 83,976	5.43%	66,197	10,186	56,011	9,037	65,320	64,455	63,617	62,887	59,544	56,477	Discounted \$	Discounted \$
1951 Total	87,097	1951	53.5	63/01/951	6/30/2011	8/19/1970	\$ 202,936	1.1475	\$ 234,456	5.34%	172,853	25,676	147,176	22,224	170,521	168,221	166,977	165,977	163,786	157,033	Discounted \$	Discounted \$
1952 Total	32,648	1952	52.5	63/01/952	6/30/2012	8/19/1970	\$ 70,670	1.1741	\$ 83,314	5.54%	62,920	9,346	53,574	7,806	61,072	61,234	60,417	59,620	58,229	53,221	Discounted \$	Discounted \$
1953 Total	17,416	1953	52.5	63/01/953	6/30/2013	8/19/1970	\$ 40,579	1.2035	\$ 48,835	5.64%	32,572	4,640	27,717	3,829	31,046	31,474	31,046	30,620	29,074	27,441	Discounted \$	Discounted \$
1954 Total	46,665	1954	51.5	63/01/954	6/30/2014	8/19/1970	\$ 108,229	1.2335	\$ 134,122	5.75%	83,411	11,547	71,864	9,311	82,245	81,095	79,973	78,879	74,881	70,529	Discounted \$	Discounted \$
1955 Total	72,678	1955	50.5	63/01/955	6/30/2015	8/19/1970	\$ 169,340	1.2644	\$ 214,109	5.85%	124,735	16,670	108,065	13,142	122,960	121,210	119,504	117,840	111,308	105,155	Discounted \$	Discounted \$
1956 Total	118,071	1956	49.5	63/01/956	6/30/2016	8/19/1970	\$ 275,105	1.2960	\$ 356,533	5.96%	194,155	47,240	146,915	19,317	191,344	188,574	185,873	183,540	172,911	163,190	Discounted \$	Discounted \$
1957 Total	252,687	1957	48.5	63/01/957	6/30/2017	8/19/1970	\$ 588,761	1.3284	\$ 782,102	6.17%	398,852	35,865	273,087	26,502	304,250	299,619	295,109	290,714	273,307	257,562	Discounted \$	Discounted \$
1958 Total	208,404	1958	47.5	63/01/958	6/30/2018	8/19/1970	\$ 485,581	1.3616	\$ 661,166	6.27%	309,952	57,832	252,120	21,800	278,982	276,199	272,549	268,996	255,929	242,888	Discounted \$	Discounted \$
1959 Total	365,793	1959	46.5	63/01/959	6/30/2019	8/19/1970	\$ 852,298	1.3956	\$ 1,189,497	6.38%	516,041	57,832	458,209	41,860	508,060	500,202	492,549	485,096	463,585	442,888	Discounted \$	Discounted \$
1960 Total	598,467	1960	45.5	63/01/960	6/30/2020	8/19/1970	\$ 1,532,930	1.4305	\$ 1,994,767	6.49%	801,706	86,738	714,968	60,671	822,034	808,915	796,636	786,709	766,636	736,507	Discounted \$	Discounted \$
1961 Total	657,910	1961	44.5	63/01/961	6/30/2021	8/19/1970	\$ 921,086	1.5029	\$ 1,384,344	6.59%	482,678	50,415	432,263	34,380	467,975	467,394	460,015	452,832	428,748	407,320	Discounted \$	Discounted \$
1962 Total	399,316	1962	43.5	63/01/962	6/30/2022	8/19/1970	\$ 1,069,948	1.5705	\$ 1,399,108	6.59%	457,007	47,734	409,273	31,936	449,713	448,094	443,549	438,549	428,748	407,320	Discounted \$	Discounted \$
1963 Total	437,587	1963	42.5	63/01/963	6/30/2023	8/19/1970	\$ 1,019,478	1.5405	\$ 1,199,108	6.59%	493,978	51,596	442,383	33,878	486,094	486,094	478,536	470,784	463,433	434,700	Discounted \$	Discounted \$
1964 Total	730,012	1964	40.5	63/01/964	6/30/2024	8/19/1970	\$ 1,700,928	1.6185	\$ 2,252,969	6.59%	667,458	82,772	709,686	53,358	779,810	775,250	767,565	755,250	743,456	697,662	Discounted \$	Discounted \$
1965 Total	437,587	1965	39.5	63/01/965	6/30/2025	8/19/1970	\$ 1,413,870	1.6590	\$ 1,818,133	6.59%	460,637	48,113	412,524	29,926	453,285	446,051	439,009	432,153	405,360	380,294	Discounted \$	Discounted \$
1966 Total	606,811	1966	38.5	63/01/966	6/30/2026	8/19/1970	\$ 1,069,209	1.7004	\$ 1,181,133	6.59%	460,637	48,113	412,524	29,926	453,285	446,051	439,009	432,153	405,360	380,294	Discounted \$	Discounted \$
1967 Total	847,441	1967	37.5	63/01/967	6/30/2027	8/19/1970	\$ 1,574,438	1.7430	\$ 2,144,536	6.59%	643,175	69,586	573,589	48,214	633,069	633,069	623,121	613,436	597,423	522,954	Discounted \$	Discounted \$
1968 Total	458,888	1968	36.5	63/01/968	6/30/2028	8/19/1970	\$ 1,574,438	1.7865	\$ 2,181,102	6.49%	643,175	69,586	573,589	48,214	633,069	633,069	623,121	613,436	597,423	522,954	Discounted \$	Discounted \$
1969 Total	677,002	1969	35.5	63/01/969	6/30/2029	8/19/1970	\$ 1,046,680	1.8312	\$ 1,916,493	6.49%	410,762	44,441	366,321	28,256	404,308	397,955	391,769	385,924	362,191	300,133	Discounted \$	Discounted \$
1970 Total	449,176	1970	34.5	63/01/970	6/30/2030	8/19/1970	\$ 808,423	1.8770	\$ 1,517,991	6.49%	305,537	34,889	270,638	20,070	300,736	296,010	291,409	286,908	269,408	233,001	Discounted \$	Discounted \$
1971 Total	347,100	1971	33.5	63/01/971	6/30/2031	8/19/1970	\$ 515,228	1.9239	\$ 921,247	6.49%	187,332	22,789	164,544	12,725	184,389	181,491	178,670	175,924	165,811	151,121	Discounted \$	Discounted \$
1972 Total	221,128	1972	32.5	63/01/972	6/30/2032	8/19/1970	\$ 440,608	1.9720	\$ 868,877	6.49%	154,205	19,976	134,230	10,821	151,783	149,398	147,075	144,814	135,971	127,680	Discounted \$	Discounted \$
1973 Total	189,102	1973	31.5	63/01/973	6/30/2033	8/19/1970	\$ 156,999	2.0213	\$ 236,489	6.49%	39,415	5,437	33,978	2,855	37,815	37,015	36,375	35,734	34,754	32,689	Discounted \$	Discounted \$
1974 Total	65,509	1974	30.5	63/01/974	6/30/2034	8/19/1970	\$ 132,699	2.0718	\$ 166,236	6.49%	49,497	7,270	42,226	3,696	48,719	47,923	47,208	46,482	45,644	44,096	Discounted \$	Discounted \$
1975 Total	29,750	1975	29.5	63/01/975	6/30/2035	8/19/1970	\$ 69,318	2.1236	\$ 147,204	6.49%	21,653	3,384	18,269	1,664	20,959	20,533	20,113	19,705	19,316	17,913	Discounted \$	Discounted \$
1976 Total	28,750	1976	28.5	63/01/976	6/30/2036	8/19/1970	\$ 59,981	2.1767	\$ 130,562	6.49%	18,019	3,002	15,017	1,426	17,736	17,457	17,186	16,922	16,588	15,288	Discounted \$	Discounted \$
1977 Total	25,743	1977	27.5	63/01/977	6/30/2037	8/19/1970	\$ 136,550	2.2311	\$ 304,661	6.49%	39,486	7,004	32,481	3,211	36,254	35,865	35,481	35,111	34,737	33,666	Discounted \$	Discounted \$
1978 Total	58,605	1978	27.5	63/01/978	6/30/2038	8/19/1970	\$ 120,887	2.2869	\$ 276,459	6.49%	126,803	25,509	101,293	8,024	110,417	108,682	106,992	105,347	103,890	92,890	Discounted \$	Discounted \$
1979 Total	51,883	1979	26.5	63/01/979	6/30/2039	8/19/1970	\$ 473,353	2.3441	\$ 1,109,581	6.49%	250,889	24,031	226,858	19,814	246,672	244,862	243,053	241,244	239,435	237,626	Discounted \$	Discounted \$
1980 Total	203,156	1980	25.5	63/01/980	6/30/2040	8/19/1970	\$ 473,353	2.4027	\$ 1,045,279	6.49%	126,803	24,031	101,293	8,024	110,417	108,682	106,992	105,347	103,890	92,890	Discounted \$	Discounted \$
1981 Total	186,715	1981	24.5	63/01/981	6/30/2041	8/19/1970	\$ 282,485	2.4628	\$ 695,690	6.49%	56,991	13,844	43,148	5,193	56,096	55,215	54,356	53,521	52,732	51,982	Discounted \$	Discounted \$
1982 Total	121,228	1982	23.5	63/01/982	6/30/2042	8/19/1970	\$ 282,485	2.5243	\$ 602,154	6.49%	84,345	13,844	43,148	5,193	56,096	55,215	54,356	53,521	52,732	51,982	Discounted \$	Discounted \$
1983 Total	102,378	1983	22.5	63/01/983	6/30/2043	8/19/1970	\$ 368,819	2.5874	\$ 949,119	6.49%	85,240	23,482	143,355	19,345	199,676	199,676	198,676	197,676	196,676	195,676	Discounted \$	Discounted \$
1984 Total	157,433	1984	21.5	63/01/984	6/30/2044	8/19/1970	\$ 385,123	2.6521	\$ 1,021,392	6.49%	85,240	23,482	143,355	19,345	199,676	199,676	198,676	197,676	196,676	195,676	Discounted \$	Discounted \$
1985 Total	157,433	1985	20.5	63/01/985	6/30/2045	8/19/1970	\$ 282,485	2.7184	\$ 582,476	6.49%	202,864	78,450	235,737	32,284	274,657	274,657	274,657	274,657	274,657	274,657	Discounted \$	Discounted \$
1986 Total	408,669	1986	19.5	63/01/986	6/30/2046	8/19/1970	\$ 1,224,660	2.7864	\$ 3,429,810	6.49%	333,261	117,554	117,554	24,196	247,200	247,200	247,200	247,200	247,200	247,200	Discounted \$	Discounted \$
1987 Total	725,605	1987																				



CG&E Coated Steel  
 Fin 47 ARO Calculation

2001 Total	89,197	2001	4.5	6/30/2001	6/30/2061	6/30/2001	\$	207,829	3.9371	\$	818,242	6.49%	24,969	18,811	6,158	1,412	24,577	24,191	23,815	23,449	22,017	20,676
2002 Total	122,447	2002	3.5	6/30/2002	6/30/2062	6/30/2002	\$	285,301	4.0355	\$	1,151,333	6.49%	32,994	26,469	6,525	1,546	32,476	31,966	31,469	30,985	29,093	27,321
2003 Total	183,814	2003	2.5	6/30/2003	6/30/2063	6/30/2003	\$	428,385	4.1364	\$	1,771,559	6.49%	47,677	40,728	6,948	1,700	46,927	46,190	45,472	44,773	42,039	39,479
2004 Total	95,627	2004	1.5	6/30/2004	6/30/2064	6/30/2004	\$	222,812	4.2398	\$	944,679	6.49%	23,871	21,718	2,153	544	23,496	23,127	22,767	22,417	21,048	19,766
2005 Total	21,818	2005	0.5	6/30/2005	6/30/2065	6/30/2005	\$	50,835	4.3458	\$	220,918	6.49%	5,242	5,079	163	43	5,160	5,079	5,000	4,923	4,622	4,341
Grand Total	14,238,401							\$3,175,475					\$12,308,955	\$2,007,400	#####	\$971,366	#####	#####	\$11,743,177	\$11,563,729	\$10,861,827	#####

miles: 2.697

CG&E Coated Steel 123105 Addition entry  
 dr. ARC \$ 2,007,400  
 dr. COR \$11,272,921  
 cr. ARC Accum dep \$ 971,366  
 cr. ARO \$12,308,955

DOT Regs Dr: 8/19/1970

CGE Plastic Maine  
Fig 47 ARO Calculation

Age	FOURAGE	AVG	YEARS OLD	AGE	Expected retirement (settlement)	Value	Obligation 2005 \$	Inflation factor	Inflated to Settlement	Discount rate:	\$ Discounted 12/31/2005	Vintage	Accretion Cum Catch	ARC n Cum	\$ Discounted 9/30/2005	\$ Discounted 6/30/2005	\$ Discounted 3/31/2005	\$ Discounted 12/31/2004	\$ Discounted 12/31/2003	\$ Discounted 12/31/2002
1986 Total	4,511	1986	38.5	6/30/1966	6/30/2016	8/19/1970	\$ 10,511	1.2960	\$ 13,622	3.96%	7,418	957	6,461	738	7,310	7,205	7,101	7,001	6,606	6,235
1988 Total	72,726	1988	38.5	6/30/1969	6/30/2019	8/19/1970	\$ 169,432	1.3956	\$ 236,493	3.96%	102,398	11,498	91,100	8,323	101,011	99,449	97,927	96,445	90,647	83,211
1989 Total	72,674	1970	38.5	6/30/1970	6/30/2020	8/19/1970	\$ 169,432	1.4305	\$ 242,232	6.49%	97,554	10,533	86,821	7,471	95,824	94,319	92,833	91,425	85,842	80,614
1971 Total	182,194	1971	34.5	6/30/1971	6/30/2021	6/30/1971	\$ 424,512	1.4663	\$ 624,458	6.59%	231,337	25,531	205,805	17,619	227,645	224,011	220,475	217,052	203,576	190,988
1972 Total	178,039	1972	33.5	6/30/1972	6/30/2022	6/30/1972	\$ 417,161	1.5029	\$ 626,971	6.59%	218,606	23,721	192,885	17,235	215,117	211,683	208,341	205,088	192,373	180,477
1973 Total	147,265	1973	32.5	6/30/1973	6/30/2023	6/30/1973	\$ 344,127	1.5405	\$ 524,595	6.59%	172,508	21,685	151,223	14,097	170,149	167,433	164,790	162,216	152,159	142,750
1974 Total	13,688	1974	31.5	6/30/1974	6/30/2024	6/30/1974	\$ 31,893	1.5790	\$ 50,360	6.59%	15,452	2,066	13,366	1,501	15,205	14,963	14,726	14,496	13,598	12,757
1975 Total	10,748	1975	30.5	6/30/1975	6/30/2025	6/30/1975	\$ 25,043	1.6185	\$ 40,532	6.59%	11,667	1,663	10,005	1,081	11,481	11,298	11,120	10,946	10,267	9,632
1976 Total	6,819	1976	29.5	6/30/1976	6/30/2026	6/30/1976	\$ 15,888	1.6590	\$ 26,358	6.59%	7,118	1,118	6,037	638	7,005	6,893	6,784	6,678	6,264	5,877
1977 Total	11,138	1977	28.5	6/30/1977	6/30/2028	6/30/1977	\$ 25,952	1.7004	\$ 44,189	6.59%	11,800	1,810	9,370	1,032	11,002	10,826	10,655	10,489	9,839	9,230
1978 Total	4,387	1978	27.5	6/30/1978	6/30/2029	6/30/1978	\$ 10,222	1.7430	\$ 17,816	6.59%	4,234	731	3,503	402	4,166	4,100	4,035	3,972	3,726	3,495
1979 Total	17,195	1979	26.5	6/30/1979	6/30/2030	6/30/1979	\$ 40,064	1.7865	\$ 71,576	6.49%	16,336	3,086	13,250	1,636	16,079	15,826	15,580	15,341	14,604	13,527
1980 Total	81,025	1980	25.5	6/30/1980	6/30/2031	6/30/1980	\$ 188,788	1.8312	\$ 345,708	6.49%	74,095	14,906	59,190	7,603	72,931	71,785	70,670	69,583	65,334	61,355
1981 Total	20,522	1981	24.5	6/30/1981	6/30/2032	6/30/1981	\$ 47,816	1.8770	\$ 89,750	6.49%	18,065	3,870	14,195	1,897	17,781	17,501	17,229	16,964	15,929	14,958
1982 Total	128	1982	23.5	6/30/1982	6/30/2033	6/30/1982	\$ 298	1.9239	\$ 574	6.49%	108	25	84	12	107	105	103	102	96	90
1983 Total	3,017	1983	22.5	6/30/1983	6/30/2034	6/30/1983	\$ 7,030	1.9720	\$ 13,862	6.49%	2,460	598	1,863	289	2,422	2,384	2,346	2,310	2,169	2,037
1984 Total	4,884	1984	21.5	6/30/1984	6/30/2035	6/30/1984	\$ 11,380	2.0213	\$ 23,002	6.49%	3,834	921	2,842	427	3,773	3,714	3,656	3,600	3,380	3,174
1985 Total	4,425	1985	20.5	6/30/1985	6/30/2036	6/30/1985	\$ 10,310	2.0718	\$ 21,361	6.49%	3,343	921	2,422	378	3,291	3,239	3,189	3,140	2,948	2,769
1986 Total	855	1986	19.5	6/30/1986	6/30/2037	6/30/1986	\$ 1,992	2.1236	\$ 4,231	6.49%	622	182	439	71	612	602	593	584	548	515
1987 Total	6,288	1987	18.5	6/30/1987	6/30/2038	6/30/1987	\$ 14,674	2.1767	\$ 31,942	6.49%	4,408	1,377	3,031	750	4,271	4,204	4,140	4,140	3,887	3,650
1988 Total	9,553	1988	17.5	6/30/1988	6/30/2039	6/30/1988	\$ 22,258	2.2311	\$ 49,652	6.49%	6,436	2,141	4,295	750	6,335	6,236	6,139	6,044	5,675	5,330
1989 Total	7,964	1989	16.5	6/30/1989	6/30/2040	6/30/1989	\$ 62,980	2.2841	\$ 147,630	6.49%	16,871	14,008	10,507	604	16,606	16,345	16,091	15,844	14,876	13,970
1990 Total	27,030	1990	15.5	6/30/1990	6/30/2041	6/30/1990	\$ 135,228	2.3427	\$ 324,934	6.49%	48,872	40,882	30,864	4,064	48,452	47,925	47,398	46,871	44,850	42,777
1991 Total	56,042	1991	14.5	6/30/1991	6/30/2042	6/30/1991	\$ 804,822	2.4628	\$ 1,982,078	6.49%	199,762	170,007	114,299	1,973	196,623	193,533	190,555	187,596	176,141	165,413
1992 Total	345,417	1992	13.5	6/30/1992	6/30/2043	6/30/1992	\$ 1,571,138	2.5243	\$ 3,966,059	6.49%	391,708	190,021	120,686	4,276	395,372	385,533	379,495	373,585	352,211	330,985
1993 Total	674,308	1993	12.5	6/30/1993	6/30/2044	6/30/1993	\$ 1,703,349	2.5874	\$ 4,407,816	6.49%	585,462	170,882	110,922	33,081	596,474	583,668	576,995	570,515	547,316	524,355
1994 Total	731,137	1994	11.5	6/30/1994	6/30/2045	6/30/1994	\$ 1,494,602	2.6521	\$ 3,963,859	6.49%	330,802	171,649	140,346	32,625	385,533	379,495	373,586	367,852	345,390	324,322
1995 Total	641,460	1995	10.5	6/30/1995	6/30/2046	6/30/1995	\$ 1,464,438	2.7184	\$ 3,980,956	6.49%	331,355	176,882	148,330	32,625	385,533	379,495	373,586	367,852	345,390	324,322
1996 Total	628,514	1996	9.5	6/30/1996	6/30/2047	6/30/1996	\$ 1,464,438	2.7864	\$ 4,103,642	6.49%	449,178	265,148	186,030	44,756	442,120	435,173	428,408	421,822	396,064	371,943
1997 Total	940,048	1997	8.5	6/30/1997	6/30/2048	6/30/1997	\$ 2,190,312	2.8560	\$ 4,794,966	6.49%	331,355	206,711	124,644	6,811	326,148	321,024	316,034	311,175	292,174	274,380
1998 Total	720,552	1998	7.5	6/30/1998	6/30/2049	6/30/1998	\$ 1,678,886	2.9274	\$ 4,124,420	6.49%	78,811	52,354	26,457	6,811	76,354	75,167	74,011	74,011	69,492	65,260
1999 Total	178,043	1999	6.5	6/30/1999	6/30/2050	6/30/1999	\$ 414,840	3.0006	\$ 4,721,830	6.49%	287,767	203,594	84,173	22,408	283,245	278,794	274,461	270,241	253,759	238,286
2000 Total	675,371	2000	5.5	6/30/2000	6/30/2051	6/30/2000	\$ 1,573,614	3.0756	\$ 6,116,146	6.49%	350,041	263,713	86,328	23,755	344,541	339,127	334,671	327,894	307,925	289,853
2001 Total	853,466	2001	4.5	6/30/2001	6/30/2052	6/30/2001	\$ 2,195,073	3.1525	\$ 6,528,411	6.49%	374,654	281,440	48,014	20,909	366,022	360,271	354,671	349,218	327,894	307,925
2002 Total	842,091	2002	3.5	6/30/2002	6/30/2053	6/30/2002	\$ 2,020,337	3.2313	\$ 7,905,524	6.49%	374,654	340,667	33,787	2,735	362,972	359,183	354,221	309,390	290,498	272,806
2003 Total	887,088	2003	2.5	6/30/2003	6/30/2054	6/30/2003	\$ 2,386,839	3.3949	\$ 6,295,960	6.49%	280,203	271,466	8,737		271,466	267,247	263,138	247,070	232,023	
2004 Total	1,024,395	2004	1.5	6/30/2004	6/30/2055	6/30/2004	\$ 1,854,516													
2005 Total	785,930	2005	0.5	6/30/2005	6/30/2055	6/30/2005	\$ 1,854,516													
	10,963,956						\$25,546,017				\$ 5,529,456	\$ 3,124,214	\$ 2,405,242	\$ 444,902	\$ 5,442,439	\$ 5,356,792	\$ 5,273,402	\$ 5,192,205	\$ 4,874,684	\$ 4,577,370

CG&E Plastic 12/31/05 Addition entry: \$3,124,214  
 dr. ARC: \$2,850,144  
 cr. ARC Accum dep: \$ 444,902  
 cr. ARO: \$ 5,529,456

ULHP Coated Steel Main  
Fin 47 ARO Calculation

DOT Regs Dt: 8/19/1970

Avg. Age	Footage	Avg.	Years Old	Age	Expected retirement (settlement)	Vintage	Obligation 2005 \$s	Inflation factor	Inflated to Settlement	Discount rate:	\$ Discounted to 12/31/2005	\$ Discounted to	Vintage	Accretion Cum Catch	ARC Depreciation n Cum Catch	\$ Discounted to 9/30/2005	\$ Discounted to 6/30/2005	\$ Discounted to 3/31/2005	\$ Discounted to 12/31/2004	\$ Discounted to #####	\$ Discounted to 12/31/2002
1924 Total	163	1924	81.5	6/30/1924	6/30/2006	8/19/1970	\$ 380	1.0124	\$ 385	5.33%	375	60	315	59	370	365	360	356	338	321	
1941 Total	82	1941	64.5	6/30/1941	6/30/2006	8/19/1970	\$ 191	1.0124	\$ 193	5.33%	189	30	158	30	186	184	181	179	170	161	
1946 Total	2,608	1946	58.5	6/30/1946	6/30/2006	8/19/1970	\$ 6,077	1.0124	\$ 6,152	5.33%	5,996	956	5,040	942	5,918	5,841	5,766	5,693	5,404	5,131	
1947 Total	1,067	1947	58.5	6/30/1947	6/30/2006	8/19/1970	\$ 2,486	1.0124	\$ 2,517	5.33%	2,453	391	2,062	386	2,421	2,390	2,359	2,329	2,211	2,099	
1948 Total	2,776	1948	57.5	6/30/1948	6/30/2006	8/19/1970	\$ 6,468	1.0124	\$ 6,548	5.33%	6,382	1,017	5,365	1,003	6,299	6,217	6,137	6,059	5,752	5,461	
1949 Total	16	1949	56.5	6/30/1949	6/30/2006	8/19/1970	\$ 37	1.0124	\$ 38	5.33%	37	6	31	6	36	36	35	35	33	31	
1950 Total	634	1950	55.5	6/30/1950	6/30/2006	8/19/1970	\$ 1,477	1.0124	\$ 1,496	5.33%	1,458	232	1,225	229	1,439	1,420	1,402	1,384	1,314	1,247	
1951 Total	113	1951	54.5	6/30/1951	6/30/2006	8/19/1970	\$ 263	1.0124	\$ 267	5.33%	260	41	218	41	256	253	250	247	234	222	
1952 Total	383	1952	53.5	6/30/1952	6/30/2006	8/19/1970	\$ 892	1.0124	\$ 903	5.33%	881	140	740	138	869	858	847	836	794	753	
1953 Total	14,993	1953	52.5	6/30/1953	6/30/2006	8/19/1970	\$ 34,934	1.0124	\$ 35,368	5.33%	34,469	5,494	28,975	5,418	34,021	33,579	33,148	32,726	31,057	29,496	
1954 Total	4,079	1954	51.5	6/30/1954	6/30/2007	8/19/1970	\$ 9,504	1.0377	\$ 9,863	5.33%	9,126	1,455	7,672	1,396	9,008	8,891	8,776	8,665	8,225	7,809	
1955 Total	69,259	1955	50.5	6/30/1955	6/29/2008	8/19/1970	\$ 161,373	1.0377	\$ 167,463	5.33%	147,121	23,540	123,671	21,905	145,209	143,322	141,480	139,682	132,600	125,895	
1956 Total	9,827	1956	49.5	6/30/1956	6/30/2009	8/19/1970	\$ 22,897	1.0903	\$ 24,964	5.33%	20,820	3,318	17,501	3,020	20,549	20,282	20,021	19,767	18,765	17,816	
1957 Total	14,528	1957	48.5	6/30/1957	6/30/2010	8/19/1970	\$ 33,846	1.1175	\$ 37,823	5.43%	29,815	4,588	25,228	4,070	29,421	29,031	28,651	28,280	26,819	25,438	
1958 Total	51,120	1958	47.5	6/30/1958	6/30/2011	8/19/1970	\$ 119,110	1.1455	\$ 136,436	5.54%	101,453	15,070	86,383	13,044	100,084	98,734	97,417	96,131	91,075	86,298	
1959 Total	35,569	1959	46.5	6/30/1959	6/29/2012	8/19/1970	\$ 82,876	1.1455	\$ 94,931	5.54%	66,888	9,936	56,952	8,394	65,985	65,095	64,227	63,379	60,046	56,896	
1960 Total	62,539	1960	45.5	6/30/1960	6/30/2013	8/19/1970	\$ 145,716	1.2035	\$ 175,362	5.64%	116,189	16,662	99,527	13,748	114,593	113,019	111,484	109,985	104,097	98,538	
1961 Total	36,145	1961	44.5	6/30/1961	6/30/2014	8/19/1970	\$ 84,218	1.2335	\$ 103,886	5.75%	64,607	8,944	55,663	7,212	63,704	62,813	61,944	61,097	57,768	54,629	
1962 Total	24,547	1962	43.5	6/30/1962	6/30/2015	8/19/1970	\$ 57,195	1.2644	\$ 72,315	5.85%	42,129	5,630	36,499	4,439	41,530	40,939	40,362	39,800	37,594	35,516	
1963 Total	65,830	1963	42.5	6/30/1963	6/29/2016	8/19/1970	\$ 153,384	1.2644	\$ 193,935	5.85%	106,736	14,265	92,471	11,001	105,218	103,720	102,260	100,836	95,247	89,982	
1964 Total	73,822	1964	41.5	6/30/1964	6/30/2017	8/19/1970	\$ 172,005	1.3284	\$ 228,489	6.17%	114,774	13,801	100,973	10,416	113,055	111,363	109,713	108,106	101,809	95,894	
1965 Total	375,928	1965	40.5	6/30/1965	6/30/2018	8/19/1970	\$ 875,912	1.3616	\$ 1,192,639	6.27%	557,301	64,694	492,606	47,805	548,819	540,466	532,329	524,402	493,364	464,240	
1966 Total	89,055	1966	39.5	6/30/1966	6/30/2019	8/19/1970	\$ 207,498	1.3956	\$ 289,592	6.38%	125,634	14,080	111,554	10,191	123,691	121,778	119,915	118,100	110,999	104,343	
1967 Total	105,389	1967	38.5	6/30/1967	6/29/2020	8/19/1970	\$ 245,556	1.3956	\$ 342,707	6.38%	139,761	15,663	124,099	11,110	137,600	135,472	133,399	131,380	123,481	116,076	
1968 Total	222,180	1968	37.5	6/30/1968	6/30/2021	8/19/1970	\$ 517,679	1.4663	\$ 759,068	6.59%	282,108	29,466	252,642	20,489	277,606	273,175	268,862	264,664	248,255	232,904	
1969 Total	158,444	1969	36.5	6/30/1969	6/30/2022	8/19/1970	\$ 369,175	1.5029	\$ 554,850	6.59%	193,459	20,207	173,253	13,780	190,372	187,333	184,376	181,497	170,244	159,717	
1970 Total	150,890	1970	35.5	6/30/1970	6/30/2023	8/19/1970	\$ 351,574	1.5405	\$ 541,607	6.59%	177,165	18,505	158,660	12,381	174,337	171,555	168,846	166,210	155,905	146,264	
1971 Total	78,807	1971	34.5	6/30/1971	6/29/2024	6/30/1971	\$ 183,620	1.5405	\$ 282,871	6.59%	86,808	9,581	77,228	6,237	85,423	84,059	82,732	81,440	76,391	71,667	
1972 Total	73,450	1972	33.5	6/30/1972	6/30/2025	6/30/1972	\$ 171,139	1.6185	\$ 276,989	6.59%	79,733	9,381	70,352	5,930	78,460	77,208	75,989	74,803	70,165	65,826	
1973 Total	23,894	1973	32.5	6/30/1973	6/30/2026	6/30/1973	\$ 55,673	1.6590	\$ 92,360	6.59%	24,942	3,128	21,814	1,918	24,544	24,153	23,771	23,400	21,949	20,592	
1974 Total	35,078	1974	31.5	6/30/1974	6/30/2027	6/30/1974	\$ 81,732	1.7004	\$ 138,980	6.59%	35,212	4,707	30,505	2,798	34,650	34,097	33,558	33,034	30,986	29,070	
1975 Total	78,922	1975	30.5	6/30/1975	6/29/2028	6/30/1975	\$ 183,888	1.7004	\$ 312,692	6.59%	74,324	10,591	63,733	6,096	73,138	71,971	70,834	69,728	65,405	61,361	
1976 Total	10,987	1976	29.5	6/30/1976	6/30/2029	6/30/1976	\$ 25,600	1.7865	\$ 45,735	6.49%	10,438	1,633	8,805	909	10,274	10,113	9,955	9,802	9,204	8,643	
1977 Total	9,898	1977	28.5	6/30/1977	6/30/2030	6/30/1977	\$ 23,062	1.8312	\$ 42,232	6.49%	9,052	1,508	7,544	811	8,909	8,769	8,633	8,500	7,981	7,495	
1978 Total	16,803	1978	27.5	6/30/1978	6/30/2031	6/30/1978	\$ 39,151	1.8770	\$ 73,485	6.49%	14,791	2,624	12,167	1,362	14,559	14,330	14,107	13,890	13,042	12,248	
1979 Total	35,388	1979	26.5	6/30/1979	6/29/2032	6/30/1979	\$ 82,454	1.8770	\$ 154,764	6.49%	29,253	5,526	23,728	2,763	28,794	28,341	27,901	27,472	25,794	24,223	
1980 Total	65,188	1980	25.5	6/30/1980	6/30/2033	6/30/1980	\$ 151,888	1.9720	\$ 299,523	6.49%	53,158	10,694	42,464	5,146	52,323	51,501	50,700	49,921	46,873	44,018	
1981 Total	39,691	1981	24.5	6/30/1981	6/30/2034	6/30/1981	\$ 92,480	2.0213	\$ 186,930	6.49%	31,155	6,674	24,481	3,086	30,666	30,184	29,715	29,258	27,471	25,798	
1982 Total	43,777	1982	23.5	6/30/1982	6/30/2035	6/30/1982	\$ 102,000	2.0718	\$ 211,327	6.49%	33,077	7,545	25,531	3,346	32,557	32,045	31,547	31,062	29,165	27,389	
1983 Total	49,823	1983	22.5	6/30/1983	6/29/2036	6/30/1983	\$ 116,088	2.0718	\$ 240,514	6.49%	35,352	8,587	26,765	3,646	34,797	34,250	33,717	33,199	31,172	29,273	
1984 Total	25,122	1984	21.5	6/30/1984	6/30/2037	6/30/1984	\$ 58,534	2.1767	\$ 127,412	6.49%	17,584	4,549	13,035	1,846	17,308	17,036	16,771	16,513	15,505	14,561	
1985 Total	48,824	1985	20.5	6/30/1985	6/30/2038	6/30/1985	\$ 113,760	2.2311	\$ 253,814	6.49%	32,896	9,062	23,833	3,506	32,379	31,870	31,375	30,892	29,006	27,239	
1986 Total	67,235	1986	19.5	6/30/1986	6/30/2039	6/30/1986	\$ 156,658	2.2869	\$ 358,262	6.49%	43,605	12,791	30,814	4,707	42,920	42,245	41,589	40,949	38,449	36,107	
1987 Total	140,344	1987	18.5	6/30/1987	6/29/2040	6/30/1987	\$ 327,002	2.2869	\$ 747,824	6.49%	85,476	26,700	58,776	9,323	84,133	82,811	81,524	80,270	75,369	70,779	
1988 Total	176,099	1988	17.5	6/30/1988	6/30/2041	6/30/1988	\$ 410,311	2.4027	\$ 985,848	6.49%	105,801	35,198	70,603	11,624	104,139	102,502	100,909	99,358	93,291	87,609	
1989 Total	190,511	1989	16.5	6/30/1989	6/30/2042	6/30/1989	\$ 443,891	2.4628	\$ 1,093,194	6.49%	110,176	39,031	71,145	12,154	108,445	106,741	105,082	103,466	97,148	91,232	
1990 Total	276,251	1990	15.5	6/30/1990	6/30/2043	6/30/1990	\$ 643,665	2.5243	\$ 1,624,818	6.49%	153,783	58,012	95,771	16,971	151,366	148,988	146,672	144,417	135,598	127,340	
1991 Total	171,336	1991	14.5	6/30/1991	6/29/2044	6/30/1991	\$ 399,213	2.5243	\$ 1,007,742	6.49%	89,570	35,980	53,590	9,847	88,163	86,777	85,429	84,115	78,979	74,169	
1992 Total	63,920	1992	13.5	6/30/1992	6/30/2045	6/30/1992	\$ 148,934	2.6521	\$ 394,989	6.49%	32,964	14,103	18,861	3,593	32,446	31,936	31,439	30,956	29,066	27,296	
1993 Total	22,262	1993	12.5	6/30/1993	6/30/2046	6/30/1993	\$ 51,870	2.7184	\$ 141,006	6.49%	11,051	5,034	6,016	1,188	10,877	10,706	10,540				

ULHP Coated Steel Main  
 Fin 47 ARO Calculation

1996 Total	3,970	1996	9.5	6/30/1996	6/30/2049	6/30/1996	\$ 9,250	2,9274	\$ 27,079	6.49%	1,757	967	791	173	1,730	1,703	1,676	1,650	1,550	1,455
1997 Total	3,446	1997	8.5	6/30/1997	6/30/2050	6/30/1997	\$ 8,029	3,0006	\$ 24,093	6.49%	1,468	860	608	138	1,445	1,423	1,400	1,379	1,295	1,216
1998 Total	6,275	1998	7.5	6/30/1998	6/30/2051	6/30/1998	\$ 14,621	3,0756	\$ 44,968	6.49%	2,574	1,606	968	227	2,533	2,493	2,455	2,417	2,269	2,131
1999 Total	42,640	1999	6.5	6/30/1999	6/29/2052	6/30/1999	\$ 99,351	3,0756	\$ 305,569	6.49%	16,423	10,910	5,513	1,339	16,165	15,911	15,664	15,423	14,481	13,599
2000 Total	13,337	2000	5.5	6/30/2000	6/30/2053	6/30/2000	\$ 35,735	3,2313	\$ 115,473	6.49%	5,827	4,123	1,705	428	5,736	5,646	5,558	5,472	5,138	4,825
2001 Total	22,748	2001	4.5	6/30/2001	6/30/2054	6/30/2001	\$ 53,002	3,3121	\$ 175,551	6.49%	8,320	6,268	2,052	301	8,189	8,060	7,935	7,813	7,336	6,889
2002 Total	16,124	2002	3.5	6/30/2002	6/30/2055	6/30/2002	\$ 37,569	3,3949	\$ 127,543	6.49%	5,676	4,554	1,123	301	5,587	5,499	5,414	5,331	5,005	4,700
2003 Total	29,863	2003	2.5	6/30/2003	6/29/2056	6/30/2003	\$ 69,581	3,3949	\$ 236,222	6.49%	9,873	8,434	1,439	399	9,718	9,665	9,416	9,272	8,705	8,175
2004 Total	8,143	2004	1.5	6/30/2004	6/30/2057	6/30/2004	\$ 18,974	3,5668	\$ 67,677	6.49%	2,656	2,416	240	69	2,614	2,573	2,533	2,494	2,342	2,199
2005 Total	18,891	2005	0.5	6/30/2005	6/30/2058	6/30/2005	\$ 44,016	3,6560	\$ 160,921	6.49%	5,930	5,745	185	55	5,837	5,745	5,656	5,569	5,229	4,911
	<u>3,485,854</u>						<u>\$8,121,574</u>				<u>\$ 3,609,536</u>	<u>\$ 657,230</u>	<u>\$ 2,952,306</u>	<u>\$345,251</u>	<u>\$3,534,644</u>	<u>\$3,500,590</u>	<u>\$3,447,934</u>	<u>\$3,396,640</u>	#####	#####

miles: 660

ULHP Coated Steel 1/23/05 Adoption entry:  
 dr. ARC \$ 657,230  
 cr. ARC Accum dep \$ 3,297,557  
 cr. ARO \$ 345,251  
 \$ 3,609,536



Infl Factors and Disc Rates

Assumed rate of inflation: 2.50% a

<b>Inflation Factors</b>			<b>Discount Rates</b>			
			<b>CGE, PSI, and ULHP</b>			
			<b>b</b>		<b>c</b>	
	<b># Periods Into Future</b>	<b>Factor</b>	<b>Risk-free Rate</b>	<b>Credit Spread</b>	<b>Discount Rate</b>	
2006	0.5	1.0124	2006	4.47%	0.68%	5.20%
2007	1.5	1.0377	2007	4.46%	0.68%	5.20%
2008	2.5	1.0637	2008	4.44%	0.68%	5.20%
2009	3.5	1.0903	2009	4.45%	0.73%	5.20%
2010	4.5	1.1175	2010	4.42%	0.80%	5.30%
2011	5.5	1.1455	2011	4.43%	0.88%	5.40%
2012	6.5	1.1741	2012	4.44%	0.93%	5.40%
2013	7.5	1.2035	2013	4.46%	0.98%	5.50%
2014	8.5	1.2335	2014	4.49%	1.02%	5.60%
2015	9.5	1.2644	2015	4.58%	1.06%	5.70%
2016	10.5	1.2960	2016	4.63%	1.10%	5.80%
2017	11.5	1.3284	2017	4.69%	1.23%	6.00%
2018	12.5	1.3616	2018	4.73%	1.35%	6.10%
2019	13.5	1.3956	2019	4.76%	1.40%	6.20%
2020	14.5	1.4305	2020	4.80%	1.45%	6.30%
2021	15.5	1.4663	2021	4.83%	1.50%	6.40%
2022	16.5	1.5029	2022	4.83%	1.50%	6.40%
2023	17.5	1.5405	2023	4.83%	1.51%	6.40%
2024	18.5	1.5790	2024	4.83%	1.51%	6.40%
2025	19.5	1.6185	2025	4.83%	1.51%	6.40%
2026	20.5	1.6590	2026	4.81%	1.52%	6.40%
2027	21.5	1.7004	2027	4.80%	1.52%	6.40%
2028	22.5	1.7430	2028	4.78%	1.52%	6.40%
2029	23.5	1.7865	2029	4.76%	1.53%	6.30%
2030	24.5	1.8312	2030	4.74%	1.53%	6.30%
2031	25.5	1.8770	2031	4.74%	1.53%	6.30%
2032	26.5	1.9239	2032	4.74%	1.54%	6.30%
2033	27.5	1.9720	2033	4.74%	1.54%	6.30%
2034	28.5	2.0213	2034	4.74%	1.54%	6.30%
2035	29.5	2.0718	2035	4.74%	1.55%	6.30%
2036	30.5	2.1236	2036	4.74%	1.55%	6.30%
2037	31.5	2.1767	2037	4.74%	1.55%	6.30%
2038	32.5	2.2311	2038	4.74%	1.55%	6.30%
2039	33.5	2.2869	2039	4.74%	1.55%	6.30%
2040	34.5	2.3441	2040	4.74%	1.55%	6.30%
2041	35.5	2.4027	2041	4.74%	1.55%	6.30%
2042	36.5	2.4628	2042	4.74%	1.55%	6.30%
2043	37.5	2.5243	2043	4.74%	1.55%	6.30%
2044	38.5	2.5874	2044	4.74%	1.55%	6.30%
2045	39.5	2.6521	2045	4.74%	1.55%	6.30%
2046	40.5	2.7184	2046	4.74%	1.55%	6.30%
2047	41.5	2.7864	2047	4.74%	1.55%	6.30%
2048	42.5	2.8560	2048	4.74%	1.55%	6.30%
2049	43.5	2.9274	2049	4.74%	1.55%	6.30%
2050	44.5	3.0006	2050	4.74%	1.55%	6.30%

Infl Factors and Disc Rates

Assumed rate of inflation: 2.50% a

Inflation Factors			Discount Rates			
			CGE, PSI, and ULHP			
			b		c	
			Risk-free	Credit	Discount	
			Rate	Spread	Rate	
# Periods Into Future	Factor					
2051	45.5	3.0756	2051	4.74%	1.55%	6.30%
2052	46.5	3.1525	2052	4.74%	1.55%	6.30%
2053	47.5	3.2313	2053	4.74%	1.55%	6.30%
2054	48.5	3.3121	2054	4.74%	1.55%	6.30%
2055	49.5	3.3949	2055	4.74%	1.55%	6.30%
2056	50.5	3.4798	2056	4.74%	1.55%	6.30%
2057	51.5	3.5668	2057	4.74%	1.55%	6.30%
2058	52.5	3.6560	2058	4.74%	1.55%	6.30%
2059	53.5	3.7474	2059	4.74%	1.55%	6.30%
2060	54.5	3.8411	2060	4.74%	1.55%	6.30%
2061	55.5	3.9371	2061	4.74%	1.55%	6.30%
2062	56.5	4.0355	2062	4.74%	1.55%	6.30%
2063	57.5	4.1364	2063	4.74%	1.55%	6.30%
2064	58.5	4.2398	2064	4.74%	1.55%	6.30%
2065	59.5	4.3458	2065	4.74%	1.55%	6.30%
2066	60.5	4.4544	2066	4.74%	1.55%	6.30%
2067	61.5	4.5658	2067	4.74%	1.55%	6.30%
2068	62.5	4.6800	2068	4.74%	1.55%	6.30%
2069	63.5	4.7970	2069	4.74%	1.55%	6.30%
2070	64.5	4.9169	2070	4.74%	1.55%	6.30%
2071	65.5	5.0398	2071	4.74%	1.55%	6.30%
2072	66.5	5.1658	2072	4.74%	1.55%	6.30%
2073	67.5	5.2949	2073	4.74%	1.55%	6.30%
2074	68.5	5.4273	2074	4.74%	1.55%	6.30%
2075	69.5	5.5630	2075	4.74%	1.55%	6.30%
2076	70.5	5.7021	2076	4.74%	1.55%	6.30%
2077	71.5	5.8446	2077	4.74%	1.55%	6.30%
2078	72.5	5.9907	2078	4.74%	1.55%	6.30%
2079	73.5	6.1405	2079	4.74%	1.55%	6.30%
2080	74.5	6.2940	2080	4.74%	1.55%	6.30%
2081	75.5	6.4514	2081	4.74%	1.55%	6.30%

a Rate of inflation obtained from Jon Gomez, Manager - Power Operations Financial Analysis. Rate based on historical CPI.

b Rate obtained from Bloomberg report run by Ed Bowen, Treasury. Average of bid and ask price used, where different, from an approximate midpoint of each year. Interpolated where necessary.

c Credit spread obtained from Barclays Capital report provided by Larry Riffe, Treasury. Interpolated where necessary. Midpoint used when reoffer spread was a range.

	<b>Pro-Forma Gas Main ARO Liability</b>					
	9/30/2005	6/30/2005	3/31/2005	12/31/2004	12/31/2003	12/31/2002
<b>KOT</b>						
River project	72,733	71,784	70,857	69,952	66,390	63,018
<b>ULH&amp;P</b>						
AMRP items	1,124,788	1,110,121	1,095,801	1,081,820	1,026,779	974,678
Coated Steel	3,554,644	3,500,590	3,447,934	3,396,640	3,195,812	3,007,401
Plastic	1,532,092	1,507,977	1,484,499	1,461,638	1,372,239	1,288,532
<b>Total ULH&amp;P</b>	<b>6,211,523</b>	<b>6,118,688</b>	<b>6,028,234</b>	<b>5,940,097</b>	<b>5,594,831</b>	<b>5,270,610</b>
<b>CG&amp;E Standalone</b>						
AMRP items	7,658,039	7,555,604	7,455,631	7,358,060	6,974,263	6,611,471
Coated Steel	12,116,702	11,927,455	11,743,177	11,563,729	10,861,827	10,204,334
Plastic	5,442,439	5,356,792	5,273,402	5,192,205	4,874,684	4,577,370
<b>Total CG&amp;E Standalone</b>	<b>25,217,179</b>	<b>24,839,850</b>	<b>24,472,210</b>	<b>24,113,994</b>	<b>22,710,773</b>	<b>21,393,174</b>
<b>Total CG&amp;E Consolidated</b>	<b>31,501,436</b>	<b>31,030,322</b>	<b>30,571,302</b>	<b>30,124,044</b>	<b>28,371,994</b>	<b>26,726,803</b>



**§192.727 Abandonment or inactivation of facilities.**

GPTC

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Jul 6, 71 Nov 10, 72 Dec 26, 72 Oct 11, 78 Dec 14, 79 Oct 7, 81 Dec 15, 81 Oct 30, 83  
Jan 29, 85 Feb 27, 03

- (a) Each operator shall conduct abandonment or deactivation of pipelines in accordance with the requirements of this section.
- (b) Each pipeline abandoned in place must be disconnected from all sources and supplies of gas; purged of gas; in the case of offshore pipelines, filled with water or inert materials; and sealed at the ends. However, the pipeline need not be purged when the volume of gas is so small that there is no potential hazard.
- (c) Except for service lines, each inactive pipeline that is not being maintained under this part must be disconnected from all sources and supplies of gas; purged of gas; in the case of offshore pipelines, filled with water or inert materials; and sealed at the ends. However, the pipeline need not be purged when the volume of gas is so small that there is no potential hazard.
- (d) Whenever service to a customer is discontinued, one of the following must be complied with:
  - (1) The valve that is closed to prevent the flow of gas to the customer must be provided with a locking device or other means designed to prevent the opening of the valve by persons other than those authorized by the operator.
  - (2) A mechanical device or fitting that will prevent the flow of gas must be installed in the service line or in the meter assembly.
  - (3) The customer's piping must be physically disconnected from the gas supply and the open pipe ends sealed.
- (e) If air is used for purging, the operator shall insure that a combustible mixture is not present after purging.
- (f) Each abandoned vault must be filled with a suitable compacted material.
- (g) For each abandoned offshore pipeline facility or each abandoned onshore pipeline facility that crosses over, under or through a commercially navigable waterway, the last operator of that facility must file a report upon abandonment of that facility.
  - (1) The preferred method to submit data on pipeline facilities abandoned after October 10, 2000 is to the National Pipeline Mapping System (NPMS) in accordance with the NPMS "Standards for Pipeline and Liquefied Natural Gas Operator Submissions." To obtain a copy of the NPMS Standards, please refer to the NPMS homepage at [www.npms.rspa.dot.gov](http://www.npms.rspa.dot.gov) or contact the NPMS National Repository at 703-317-3073. A digital data format is preferred, but hard copy submissions are acceptable if they comply with the NPMS Standards. In addition to the NPMS-required attributes, operators must submit the date of abandonment, diameter, method of abandonment, and certification that, to the best of the operator's knowledge, all of the reasonably available information requested was provided and, to the best of the operator's knowledge, the abandonment was completed in accordance with applicable laws. Refer to the NPMS Standards for details in preparing your data for submission. The NPMS Standards also include details of how to submit data. Alternatively, operators may submit reports by mail, fax or e-mail to the Information Officer, Pipeline and Hazardous Materials Safety Administration,

Department of Transportation, Room 7128, 400 Seventh Street, SW, Washington DC 20590; fax (202) 366-4566; e-mail: [roger.little@dot.gov](mailto:roger.little@dot.gov). The information in the report must contain all reasonably available information related to the facility, including information in the possession of a third party. The report must contain the location, size, date, method of abandonment, and a certification that the facility has been abandoned in accordance with all applicable laws.

- (2) Data on pipeline facilities abandoned before April 10, 2001 must be filed by before April 10, 2000. Operators may submit reports by mail, fax or e-mail to the Information Officer, Pipeline and Hazardous Materials Safety Administration, Department of Transportation, Room 7128, 400 Seventh Street, SW, Washington DC 20590; fax (202) 366-4566; e-mail, [roger.little@dot.gov](mailto:roger.little@dot.gov). The information in the report must contain all reasonably available information related to the facility, including information in the possession of a third party. The report must contain the location, size, date, method of abandonment, and a certification that the facility has been abandoned in accordance with all applicable laws.

[Part - 192 - Org, Aug. 19, 1970, as amended by Amdt. 192-8, 37 FR 20694, Oct. 3, 1972, Amdt. 192-27, 41 FR 34598, Aug. 16, 1976; Amdt. 192-71, 59 FR 6575, Feb. 11, 1994; Amdt. 192-89, 65 FR 54440, August 28, 2000; Amdt. 192 89, 65 FR 57861, Sep 26, 2000; Amdt. 192-Not Numbered, 70 FR 11135, Mar. 8, 2005]

**Welles, Sarah**

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**From:** Hebbeler, Gary  
**Sent:** Thursday, January 26, 2006 3:23 PM  
**To:** Glenn, Erica  
**Cc:** Vessel, Sam  
**Subject:** KOLife2006.doc

**Attachments:** KOLife2006.doc



<OLife2006.doc (30  
KB)

Erica  
KO write up by our corrosion expert Sam Vessel. Call if you need anything else.  
Gary

KO Transmission Pipeline System

January 26, 2006

### Life Expectancy Statement

The KO system is constructed with carbon steel pipe that is coated with fusion bonded epoxy (FBE) coating and coal tar enamel (CTE) coating. FBE has been in used for over 35 years and CTE has been in used for over 80 years. The system is under Cathodic Protection (CP) with impressed current types of cathodic protection systems. The system is protected with approximately six (6) cathodic protection rectifiers that start at the north side of the Ohio River to Schaberle Hill Road near Foster Kentucky. Cathodic protection allows carbon steel pipe, which has little natural corrosion resistance to be used in corrosive environments such as seawater, acid soils, salt-laden concrete, and many other corrosive environments. Properly designed and maintained CP systems can prevent corrosion indefinitely in such environments.

Cathodic Protection (CP) of Steel pipelines has the unique advantage of preventing corrosion even if the external coating is accidentally damaged during the life of the pipeline. CP is inexpensive and ensures that the pipeline will far exceed its design life and that maintenance and repair costs are kept to a minimum. Carbon steel with properly applied CP does not age over time, as evidenced by the age of many steel pipelines that continue to operate today. The life expectancy is indefinite as long as the pipeline is under cathodic protection. Routine monitoring provides confirmation that the CP system is working correctly. The CP Groundbeds are designed for a 20 to 25 year life depending on a number of design parameters. In addition, routine groundbed monitoring will alert the engineer when replacements are necessary to maintain uninterrupted CP to the pipeline system to ensure an indefinite life span.

Samuel L. Vessel, Supervising Engineer  
NACE Corrosion Specialist-G  
Cinergy Corp.

**Welles, Sarah**

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**From:** Hebbeler, Gary

**Sent:** Friday, January 27, 2006 11:27 AM

**To:** Glenn, Erica; Ritchie, Brett

**Cc:** Walker, Patty; Dlugokecki, Amy; Kemper, Nancy

Erica

This response is being generated regarding the expected life of the KO Transmission facility. Various segments of the line were purchased in the 90's by our company from Columbia. Our experience is limited to the years of ownership of these facilities. To the best of my knowledge, relocation of these facilities have been minimal and initiated by outside agencies such as the Commonwealth of Kentucky for road improvements and a request by a school for private development. Some portions of these projects were reimbursed. Other than these few experiences, we have not had to replace any pipe due to deterioration with exception of the AM4 river crossing. AM4 is an isolated instance where the pipe was installed in 1948 by a dredging method in the Ohio River and backfilled with rock. The backfilling method prohibited the cathodic protection system from providing protection at that specific location under the Ohio River. This segment is planned to be replaced this summer/fall. In addition, integrity management requires our transmission facilities to be assessed on a seven year cycle. This will required certain segments of our facilities to be uncovered and physically examined. These facilities should last indefinitely, with the exception of instances as mentioned above, as long as these facilities are maintained in accordance with our standards and procedures.

Therefore, the replacement rate is as follows with our experience; approximately 1 mile of pipe has been or will be replaced over 16 years of ownership. Take 52 miles multiplied by 16 years for every one mile replaced is 832 years to replace all 52 miles.

Gary

8/17/2006

Price of Catalyst entered on First Tab.

Catalyst Replacement Schedule by Volume\*

	ULHP				CGE										CGE Consolidated
	East Bend	Total to be disposed	Estimated disposal Cost	Est Disposal Cost for % owned	Miami Fort 7	Miami Fort 8	Total to be disposed	Estimated disposal Cost	Est Disposal Cost for % owned	Zimmer	Total to be disposed	Estimated disposal Cost	Est Disposal Cost for % owned	Total Est Disposal Cost for % owned	Total Est Disposal Cost for % owned
2006					323.4										
2007	194.6					323.4				529.1					
2008					323.4		323.4								
2009						323.4		242,550	155,232					155,232	155,232
2010					323.4		323.4	242,550	155,232	529.1	529.1	396,848	184,534	339,766	339,766
2011	194.6	194.6	145,950	100,706		323.4		242,550	155,232					155,232	255,938
2012					323.4		323.4	242,550	155,232	529.1	529.1	396,848	184,534	339,766	339,766
2013	194.6	194.6	145,950	100,706		323.4		242,550	155,232					155,232	255,938
2014					323.4		323.4	242,550	155,232	529.1	529.1	396,848	184,534	339,766	339,766
2015	194.6	194.6	145,950	100,706		323.4		242,550	155,232					155,232	255,938
2016					323.4		323.4	242,550	155,232	529.1	529.1	396,848	184,534	339,766	339,766
2017	194.6	194.6	145,950	100,706		323.4		242,550	155,232					155,232	255,938
2018					323.4		323.4	242,550	155,232	529.1	529.1	396,848	184,534	339,766	339,766
<b>TOTALS</b>	973.0	778.4	583,800	402,822	2,263.8	1,940.4	3,557.4	2,425,500	1,552,320	3,174.8	2,645.7	1,984,238	922,670	2,474,990	2,877,812

Ownership 69% 64% 64% 47%

Schedule provided by Mike O'Connor

Note that Mike's schedules include placing catalysts in service in prospective periods. It also incorporates future disposals of catalysts not yet in service. Therefore, the "Total to be disposed" column was used along with data regarding catalysts in-service as of 12/31/05 to determine estimated settlement dates for the 12/31/05 AROs. These dates were discussed with Mike O'Connor. Items are highlighted where more catalysts are going in-service than being removed, in order to identify which catalysts is being disposed that year.

Price of C:

Catalyst R

	PSI										Cinergy	
	Gibson 1	Gibson 2	Gibson 3	Gibson 4	Total to be disposed	Estimated disposal Cost	Gibson 5	Total to be disposed	Estimated disposal Cost	Est Disposal Cost for % owned	Total Est Disposal Cost for % owned	TOTAL Estimated disposal cost
2006							403.2					
2007				403.2	403.2	302,400					302,400	302,400.0
2008	403.2		403.2		403.2	302,400					302,400	302,400.0
2009		403.2		403.2	806.4	604,800					604,800	760,032.0
2010			403.2		403.2	302,400	403.2	403.2	302,400	151,351	453,751	793,517.3
2011	403.2	403.2			806.4	604,800					604,800	860,737.5
2012			403.2		403.2	302,400	403.2	403.2	302,400	151,351	453,751	793,517.3
2013	403.2	403.2		403.2	1,008.0	756,000					756,000	1,011,937.5
2014			403.2		403.2	302,400	403.2	403.2	302,400	151,351	453,751	793,517.3
2015	403.2	403.2		403.2	1,209.6	907,200					907,200	1,163,137.5
2016			403.2		403.2	302,400	403.2	403.2	302,400	151,351	453,751	793,517.3
2017	403.2	403.2		403.2	1,209.6	907,200					907,200	1,163,137.5
2018			403.2		403.2	302,400	403.2	403.2	302,400	151,351	453,751	793,517.3
<b>TOTALS</b>	2,016.0	2,016.0	2,419.2	2,016.0	7,862.4	5,896,800	2,419.2	2,016.0	1,512,000	756,756	6,653,556	9,531,368

Ownership

50%

Schedule p

Price of Catalyst entered on First Tab.

Catalyst Replacement Schedule by Volume\*, estimated by MSO by dollars budgeted

<b>DPL</b>							
	Stuart 1	Stuart 2	Stuart 3	Stuart 4	Killen	Total to be disposed	Estimated disposal Cost
2006							
2007						-	-
2008	500.0	500.0			406.0	203.0	152,250
2009			500.0	500.0		500.0	375,000
2010					406.0	203.0	152,250
2011						-	-
2012	500.0	500.0			203.0	1,203.0	902,250
2013			500.0	500.0		1,000.0	750,000
2014	500.0	500.0			203.0	1,203.0	902,250
2015			500.0	500.0		1,000.0	750,000
2016	500.0	500.0			203.0	1,203.0	902,250
2017			500.0	500.0		1,000.0	750,000
2018	500.0	500.0			203.0	1,203.0	902,250
<b>TOTALS</b>	<b>2,500.0</b>	<b>2,500.0</b>	<b>2,000.0</b>	<b>2,000.0</b>		<b>8,718.0</b>	<b>6,538,500</b>

Ownership share:

Schedule provided by Mike O'Connor

All 4 SCRs started up 06/01/04

Stuart 4 had a third layer installed, in service 05/01/05

Stuart units estimated at 500 cubic meters, Killen at 203 cubic meters



**Welles, Sarah**

**From:** Glenn, Erica  
**Sent:** Friday, October 07, 2005 5:40 PM  
**To:** Glenn, Erica  
**Subject:** PCB Cost Info

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**From:** McKee, Pat  
**Sent:** Friday, May 27, 2005 11:22 AM  
**To:** Barnhart, Christa; Glenn, Erica  
**Cc:** Nispel, Debbie  
**Subject:** PCB Cost Info

For the timeframe of 1/100 through 12/31/04, Cinergy spent the following dollars for PCB disposal:

\$114,392.13 - PSI Contract 40570, Release 2, Amendment 3 with Enviroserve for solid waste disposal

\$84,937.04 - CG&E Contract 00123218 with Enviroserve for Solid Waste disposal

\$71,098.30 - PSI Contract 00225603, Release 2 (11/03 to 12/04) with Environmental Protection Services for equipment and oil disposal

\$55,170.55 - PSI Contract 00120084 (10/00 to 11/03) with Environmental Protection Services for equipment and oil disposal

\$32,324.75 - CG&E Contract 00225603 Release 1 (11/03 to 12/04) with Environmental Protection Services for equipment and oil disposal

The dollars (probably about \$70,000), for CG&E Contract 00120109 that was in effect from 10/00 to 11/03 is not yet accounted for. If you need this last bit of data, let me know, and I will try to get it next week.

*Patrick L. McKee*  
*Cinergy Environmental Compliance*  
*317/838-1194*

Per Pat McKee (5/27/05 email):

For the timeframe of 1/1/00 through 12/31/04, Cinergy spent the following dollars for PCB disposal:

\$ 114,392.13 - PSI Contract 40570, Release 2, Amendment 3 with Enviroserve for solid waste disposal

84,937.04 - CG&E Contract 00123218 with Enviroserve for Solid Waste disposal

71,098.30 - PSI Contract 00225603, Release 2 (11/03 to 12/04) with Environmental Protection Services for equipment and oil disposal

55,170.55 - PSI Contract 00120084 (10/00 to 11/03) with Environmental Protection Services for equipment and oil disposal

32,324.75 - CG&E Contract 00225603 Release 1 (11/03 to 12/04) with Environmental Protection Services for equipment and oil disposal

Excluding Enviroserve (accidental spills):

\$ 357,922.77

158,593.60

\$ 70,000.00 a

\$ 70,000.00

\$ 427,922.77

\$ 228,593.60

\$ 45,718.72 Average per year (for last 5 years, excluding Enviroserve)

\$ 85,584.55 Average per year (for last 5 years)

a The dollars (probably about \$70,000), for CG&E Contract 00120109 that was in effect from 10/00 to 11/03 is not yet accounted for. If you need this last bit of data, let me know, and I will try to get it next week.

**Welles, Sarah**  
**From:** Schauwecker, Don  
**Sent:** Thursday, October 06, 2005 3:33 PM  
**To:** Ploeger, Charlie; Glenn, Erica; Bryan, David  
**Subject:** RE: PCBs - Potential and Current Transformers

I would think that the amounts should be pretty much the same over the next 5-10 years. Thanks  
Don Schauwecker

---

**From:** Ploeger, Charlie  
**Sent:** Thursday, October 06, 2005 1:17 PM  
**To:** Glenn, Erica; Schauwecker, Don; Bryan, David  
**Subject:** RE: PCBs - Potential and Current Transformers

There will probably be occasional peaks in spending due to a large project being removed from service. For most years I would expect the minimal costs to continue. Thanks.

---

**From:** Glenn, Erica  
**Sent:** Tuesday, October 04, 2005 2:53 PM  
**To:** Ploeger, Charlie; Schauwecker, Don; Bryan, David  
**Subject:** PCBs - Potential and Current Transformers

Charlie, Don, and Dave,

I have spoken to each of you previously regarding PCB contamination in potential and current transformers still owned by Cinergy (related to some new accounting guidance). Pat McKee (in the environmental department) previously provided me the cost data incurred by Cinergy related to PCB disposal for the five year period 2000-2004. The cost was minimal on an annual basis.

I wanted to get thoughts from each of you, specific to potential and current transformers, regarding the ongoing disposal/retirement of PCB contaminated equipment. Do you expect any significant changes with regard to the cost per year/units per year for disposal of contaminated potential and current transformers for Cinergy over the next 5-10 years? Or, do you think data regarding such disposal for the 2000-2004 period will be indicative of future disposals?

Thank you again for your assistance,

**Erica Glenn**

Cinergy Corp.  
Accounting Research  
(317) 838-2280

**Welles, Sarah**

**From:** Walton, Edward  
**Sent:** Wednesday, October 05, 2005 4:32 PM  
**To:** Glenn, Erica; Bryan, David  
**Cc:** Galvin, Dan  
**Subject:** RE: PCBs - Potential and Current Transformers

Erica,

As far as the substations on the east side, the data from 2000-2004 is indicative of future disposals. I do not expect any significant changes.

Ed

---

**From:** Glenn, Erica  
**Sent:** October 05, 2005 4:18 PM  
**To:** Bryan, David  
**Cc:** Galvin, Dan; Walton, Edward  
**Subject:** RE: PCBs - Potential and Current Transformers

Dave, Dan, and Ed,

If you could respond just regarding number of units to be disposed as compared to number of units historically disposed that would answer my question. I understand you may not have access related to the cost to dispose of each piece of PCB contaminated equipment.

Thanks again,  
Erica

---

**From:** Bryan, David  
**Sent:** Wednesday, October 05, 2005 10:30 AM  
**To:** Glenn, Erica  
**Cc:** Galvin, Dan; Walton, Edward  
**Subject:** RE: PCBs - Potential and Current Transformers

On the east side you may get a better answer from Ed Walton & Dan Galvin on the costs of disposals. I disposed of some PCB contaminated pot transformers this year, but have no idea of the associated costs. I believe that Ed Walton is going to step up the program on removing possible pot transformers that may be PCB contaminated in the future. I would check with them.

Thanks , Dave

---

**From:** Glenn, Erica  
**Sent:** Tuesday, October 04, 2005 2:53 PM  
**To:** Ploeger, Charlie; Schauwecker, Don; Bryan, David  
**Subject:** PCBs - Potential and Current Transformers

Charlie, Don, and Dave,

I have spoken to each of you previously regarding PCB contamination in potential and current transformers still owned by Cinergy (related to some new accounting guidance). Pat McKee (in the environmental department) previously provided me the cost data incurred by Cinergy related to PCB disposal for the five year period 2000-2004. The cost was minimal on an annual basis.

I wanted to get thoughts from each of you, specific to potential and current transformers, regarding the ongoing disposal/retirement of PCB contaminated equipment. Do you expect any

significant changes with regard to the cost per year/units per year for disposal of contaminated potential and current transformers for Cinergy over the next 5-10 years? Or, do you think data regarding such disposal for the 2000-2004 period will be indicative of future disposals?

Thank you again for your assistance,

**Erica Glenn**

Cinergy Corp.  
Accounting Research  
(317) 838-2280

**Welles, Sarah**

**From:** McKee, Pat  
**Sent:** Wednesday, October 05, 2005 4:01 PM  
**To:** Glenn, Erica  
**Subject:** RE: PCB Cost Info

No significant changes are expected in cost. However, costs will increase above the rate of inflation due to fuel cost increases. Transportation to disposal sites is > 50 % of the costs.

---

**From:** Glenn, Erica  
**Sent:** Tuesday, October 04, 2005 1:40 PM  
**To:** McKee, Pat  
**Subject:** PCB Cost Info

Pat,

The information you sent below results in an average of approximately \$86,000/year in PCB expenses for Cinergy (after including \$70,000 for the CG&E contract mentioned below) for the 5 year period 2000-2004.

Do you expect any significant changes with regard to this cost per year (of less than \$100,000) for PCB disposal for the company for the next 5-10 years?

Thanks,  
Erica

---

**From:** McKee, Pat  
**Sent:** Friday, May 27, 2005 11:22 AM  
**To:** Barnhart, Christa; Glenn, Erica  
**Cc:** Nispel, Debbie  
**Subject:** PCB Cost Info

For the timeframe of 1/100 through 12/31/04, Cinergy spent the following dollars for PCB disposal:

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The dollars (probably about \$70,000), for CG&E Contract 00120109 that was in effect from 10/00 to 11/03 is not yet accounted for. If you need this last bit of data, let me know, and I will try to get it next week.

*Patrick L. McKee*  
*Cinergy Environmental Compliance*  
*317/838-1194*

**Welles, Sarah**

**From:** Dean, James  
**Sent:** Thursday, December 22, 2005 2:25 PM  
**To:** Glenn, Erica  
**Subject:** RE: Depreciable life requests

These types of equipment are used in several different ways. Based upon their use they are classified by utility account. Each utility account is analyzed based upon all the various property units in the account and an average service life is assigned by utility account. The property units you listed below do not have specific lives associated to them only. It would be better to have the field establish the lives for these units.

I have touched base with a field person to discuss the average life of the property units below. His best guesses are below;

Transformers 40yrs  
Regulators 30yrs  
Capacitors 30yrs  
Switches 50yrs  
Breakers no estimate

JIM

---

**From:** Glenn, Erica  
**Sent:** Thursday, December 22, 2005 1:34 PM  
**To:** Dean, James  
**Cc:** Reynolds, Jaime  
**Subject:** Depreciable life requests

Jim,

Could you send me our depreciable lives for the following assets:

- transformers
- regulators
- breakers
- capacitors
- switches

I have the lives for current and potential transformers as 28-35 years depending on the company from an earlier conversation.

Thanks,

**Erica Glenn**

Cinergy Corp.  
Accounting Research  
(317) 838-2280



**Welles, Sarah**

**From:** Burkart, Don  
**Sent:** Tuesday, January 03, 2006 12:35 PM  
**To:** Glenn, Erica  
**Subject:** RE: Depreciable life requests

30 years is as good a guess as any.

---

**From:** Glenn, Erica  
**Sent:** Thursday, December 22, 2005 3:13 PM  
**To:** Burkart, Don  
**Subject:** FW: Depreciable life requests

Don,

Do you know the estimated life for breakers?

Thanks,  
Erica

---

**From:** Dean, James  
**Sent:** Thursday, December 22, 2005 3:10 PM  
**To:** Glenn, Erica  
**Subject:** RE: Depreciable life requests

You may want to try Don Burkart.  
JIM

---

**From:** Glenn, Erica  
**Sent:** Thursday, December 22, 2005 2:32 PM  
**To:** Dean, James  
**Subject:** RE: Depreciable life requests

Who can we contact for an estimate on the breakers?

Thanks

---

**From:** Dean, James  
**Sent:** Thursday, December 22, 2005 2:25 PM  
**To:** Glenn, Erica  
**Subject:** RE: Depreciable life requests

These types of equipment are used in several different ways. Based upon their use they are classified by utility account. Each utility account is analyzed based upon all the various property units in the account and an average service life is assigned by utility account. The property units you listed below do not have specific lives associated to them only. It would be better to have the field establish the lives for these units.

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I have the lives for current and potential transformers as 28-35 years depending on the company from an earlier conversation.

Thanks,

***Erica Glenn***

Cinergy Corp.  
Accounting Research  
(317) 838-2280

**Asbestos**

	100% Estimated Cost 2005 \$s	Vintage Date	Settlement Date A 50% Probability	Settlement Date B 50% Probability
Beckjord 6	672,877	11/20/1990	6/30/2029	6/30/2049
Zimmer	5,039,793	12/31/1991	6/30/2051	6/30/2071

**River Structures**

	100% Estimated Cost 2003 \$s	100% Estimated Cost 2005 \$s	Vintage Date	Settlement Date A 50% Probability	Settlement Date B 50% Probability	Probability of Enforcement
Beckjord 6	1,388,833	1,496,885	1952	2029	2059	25%
Zimmer	3,696,000	3,983,549	1991	2051	2081	25%

**SCR Catalysts**

	100% Estimated Cost 2005 \$s	Vintage Date	Settlement Date
Zimmer			
Catalyst A	396,825	5/31/2004	4/1/2010
Catalyst B	396,825	5/31/2004	4/1/2012
Catalyst C	396,825	5/31/2004	4/1/2014

**Asbestos**

	100% Estimated Cost 2005 \$s	Vintage Date	Settlement Date A 50% Probability	Settlement Date B 50% Probability
Miami Fort 7	-			
Miami Fort 8	-			
East Bend	853,875	11/20/1990	6/30/2041	6/30/2061

**River Structures**

	100% Estimated Cost 2003 \$s	100% Estimated Cost 2005 \$s	Vintage Date	Settlement Date A 50% Probability	Settlement Date B 50% Probability	Probability of Enforcement
Miami Fort 7	678,750	731,557	1975	2038	2068	25%
Miami Fort 8	678,750	731,557	1975	2038	2068	25%
East Bend	-					

**SCR Catalysts**

	100% Estimated Cost 2005 \$s	Vintage Date	Settlement Date
Miami Fort 7			
Catalyst A	242,550	7/1/2003	4/1/2008
Catalyst B	242,550	7/1/2003	4/1/2010
Miami Fort 8			
Catalyst A	242,550	7/1/2002	4/1/2009
Catalyst B	242,550	7/1/2002	4/1/2011
East Bend			
Catalyst A	145,950	7/1/2002	4/1/2011
Catalyst B	145,950	7/1/2002	4/1/2013

**Asbestos**

	100% Estimated Cost 2005 \$s	Vintage Date	Settlement Date A 50% Probability	Settlement Date B 50% Probability
Gibson 5	2,367,527	11/20/1990	6/30/2042	6/30/2062

**River Structures**

	100% Estimated Cost 2003 \$s	100% Estimated Cost 2005 \$s	Vintage Date	Settlement Date A 50% Probability	Settlement Date B 50% Probability	Probability of Enforcement
Gibson 5	92,200	99,373	1975	2042	2072	25%

**SCR Catalysts**

	100% Estimated Cost 2005 \$s	Vintage Date	Settlement Date
Gibson 5			
Catalyst A	302,400	5/1/2005	4/1/2010
Catalyst B	302,400	5/1/2005	4/1/2012

**Asbestos**

	100% Estimated Cost 2005 \$s	Vintage Date	Settlement Date A 50% Probability	Settlement Date B 50% Probability
Miami Fort 7	-			
Miami Fort 8	-			
East Bend	853,875	11/20/1990	6/30/2041	6/30/2061

**River Structures**

	100% Estimated Cost 2003 \$s	100% Estimated Cost 2005 \$s	Vintage Date	Settlement Date A 50% Probability	Settlement Date B 50% Probability	Probability of Enforcement
Miami Fort 7	678,750	731,557	1975	2038	2068	25%
Miami Fort 8	678,750	731,557	1975	2038	2068	25%
East Bend	-					

**SCR Catalysts**

	100% Estimated Cost 2005 \$s	Vintage Date	Settlement Date
Miami Fort 7			
Catalyst A	242,550	7/1/2003	4/1/2008
Catalyst B	242,550	7/1/2003	4/1/2010
Miami Fort 8			
Catalyst A	242,550	7/1/2002	4/1/2009
Catalyst B	242,550	7/1/2002	4/1/2011
East Bend			
Catalyst A	145,950	7/1/2002	4/1/2011
Catalyst B	145,950	7/1/2002	4/1/2013

**Asbestos**

	100% Estimated Cost 2005 \$s	Vintage Date	Settlement Date A 50% Probability	Settlement Date B 50% Probability
Beckjord 6	672,877	11/20/1990	6/30/2029	6/30/2049
Zimmer	5,039,793	12/31/1991	6/30/2051	6/30/2071

**River Structures**

	100% Estimated Cost 2003 \$s	100% Estimated Cost 2005 \$s	Vintage Date	Settlement Date A 50% Probability	Settlement Date B 50% Probability	Probability of Enforcement
Beckjord 6	1,388,833	1,496,885	1952	2029	2059	25%
Zimmer	3,696,000	3,983,549	1991	2051	2081	25%

**SCR Catalysts**

	100% Estimated Cost 2005 \$s	Vintage Date	Settlement Date
Zimmer			
Catalyst A	396,825	5/31/2004	4/1/2010
Catalyst B	396,825	5/31/2004	4/1/2012
Catalyst C	396,825	5/31/2004	4/1/2014

**Welles, Sarah**

---

**From:** Riffe, Larry  
**Sent:** Wednesday, December 14, 2005 11:32 AM  
**To:** Sheppard, Amy; Glenn, Erica; Melendez, Brenda; Reynolds, Jaime  
**Subject:** FW: CIN Updated Levels

**Attachments:** CIN Spreads 12-14-05.pdf



CIN Spreads  
12-14-05.pdf (88 K..

FYI

-----Original Message-----

From: Koji.Inoue@barclayscapital.com [mailto:Koji.Inoue@barclayscapital.com]  
Sent: Wednesday, December 14, 2005 10:44 AM  
To: Vogt, Chris; Aumiller, Wendy; Bowen, Ed; Riffe, Larry; Bowman, Donald  
Cc: Jim.Glascott@barclayscapital.com; Michael.Hardgrove@barclayscapital.com;  
Michael.Brennan@barclayscapital.com; Diego.Kuschnir@barclayscapital.com;  
Tony.Liu@barclayscapital.com  
Subject: CIN Updated Levels

Attached please find updated secondary and indicative new issue levels.

<<CIN Spreads 12-14-05.pdf>>

Issuance volume has slowed significantly this week and is expected to be light for the remainder of the year. Thus far, only two deals of note have priced this week, a \$500 million offering of 5-year notes (A1/A+) for Honda Finance and a \$500 million offering of 2-year notes (Baa3/BBB) for Cardinal Health. While both deals were met with fairly good demand, several large investors either did not participate, or bought in far smaller size than usual since they were in the process of closing their books for the year. Once freed to trade, both transaction remained issue bid. Barclays was a bookrunner on both deals.

Yesterday, as expected, the FOMC raised rates by 25bps. The accompanying statement dropped the reference to policy accommodation, but continued to indicate that more rate hikes are likely. Investors interpreted the removal of the "accommodative" phrase as a sign that the Fed may soon end their run of increases. Treasuries rallied 2-3bps across the curve today on the announcement. Today, Treasuries have rallied another 2-4bps after government data showed that the Import Prices in November fell 1.7%, in excess of the 0.5% decrease economists were expecting.

As always, please feel free to call with any questions.

Best,  
Koji Inoue  
Barclays Capital  
Debt Capital Markets  
212.412.5152  
koji.inoue@barcap.com

-----  
For more information about Barclays Capital, please visit our web site at  
<http://www.barcap.com>.

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**KyPSC Case No. 2006-00172**  
**Attachment AG-DR-02-028**  
**Page 163 of 608**



## Secondary Trading Levels

Issuer	Moody's	S&P	Amt	Cpn	Mty	Spread	Libor
Cinergy Corp	Baa2	BBB	1200	6.55%	12/03	+177	
Duke Capital Corp	Baa3 ↗	BBB	200	4.97%	03/06	+73	
Duke Capital Corp	Baa3 ↗	BBB	288	5.00%	03/14	+86	+65
Duke Capital Corp	Baa3 ↗	BBB	260	6.75%	07/32	+151	+102

Constellation Energy Grp	Baa1	BBB	550	4.550%	06/15	+122	+68
Constellation Energy Grp	Baa1	BBB	700	7.600%	04/32	+170	+117
Dominion Resources Inc	Baa1	BBB+ ↓	500	5.150%	07/15	+118	+64
Dominion Resources Inc	Baa1	BBB+ ↓	500	5.950%	06/35	+160	+106
Exelon Corporation	Baa2	BBB ↓	400	4.450%	06/10	+95	+44
Exelon Corporation	Baa2	BBB ↓	800	4.900%	06/15	+117	+63
Exelon Corporation	Baa2	BBB ↓	500	5.625%	06/35	+155	+101
DTE Energy Co	Baa2	BBB-	600	7.050%	06/11	+100	+48
DTE Energy Co	Baa2	BBB-	400	6.375%	04/33	+168	+114
Progress Energy Inc	Baa2 ↓	BBB-	450	6.850%	04/12	+108	+61
Progress Energy Inc	Baa2 ↓	BBB-	650	7.750%	03/31		
American Electric Power	Baa2	BBB	500	5.375%	03/10	+82	+32
American Electric Power	Baa2	BBB	300	5.250%	06/15	+95	+41
FirstEnergy Corp	Baa3 ↑	BBB-	1500	6.450%	11/11	+86	+34
FirstEnergy Corp	Baa3 ↑	BBB-	1500	7.375%	11/31	+152	+99

↓ negative outlook ↓ negative watch ↔ outlook forming ↑ positive outlook ♯ positive watch \*secured

Issuer	Moody's	S&P	Amt	Cpn	Mty	Spread	Libor
Cincinnati Gas & Elec	Baa1	BBB	400	5.700%	03/12	+82	+32
PSI Energy Inc	Baa1	BBB	400	5.000%	03/11	+69	+47
Cincinnati Gas & Elec	Baa1	BBB	400	5.750%	06/11	+82	+31
PSI Energy Inc	Baa1	BBB	400	5.000%	02/11	+69	+45
Duke Energy Corp	A3 ↗	BBB	500	5.55%	08/06	+76	+43
Duke Energy Corp	A3 ↗	BBB	500	5.00%	06/11	+89	+73
Duke Energy Corp	Baa1 ↗	BBB	400	4.250%	10/08	+73	+42
Duke Energy Corp	Baa1 ↗	BBB	400	5.50%	01/11	+81	+41
Duke Energy Corp	Baa3 ↗	BBB	400	6.450%	07/11	+102	+57

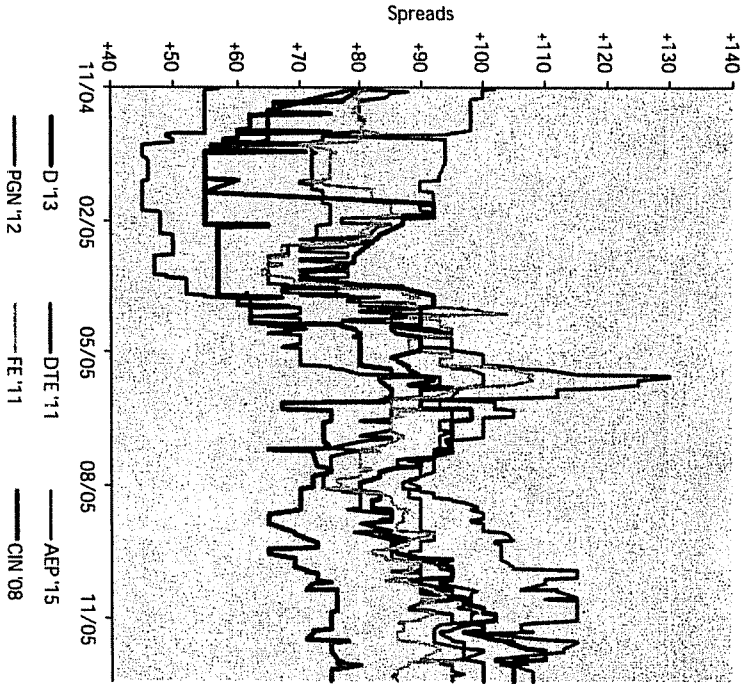
Baltimore Gas & Electric	A2	BBB+	200	5.200%	06/33	+118	+64
Virginia Electric & Power	A3	BBB+ ↓	400	4.750%	03/13	+85	+36
Consolidated Natural Gas	A3	BBB+ ↓	200	5.000%	12/14	+100	+47
Commonwealth Edison*	A3 ↓	A- ↓	600	6.150%	03/12	+98	+51
Commonwealth Edison*	A3 ↓	A- ↓	350	5.875%	02/33	+138	+84
Detroit Edison Company*	A3	BBB+	200	4.800%	02/15	+95	+42
Detroit Edison Company*	A3	BBB+	200	5.450%	02/35	+130	+76
Michigan Consolidated Gas*	A3	BBB	200	5.700%	03/33	+130	+76
Carolina Power & Light*	A3	BBB	300	5.150%	04/15	+90	+36
Carolina Power & Light*	A3	BBB	200	5.700%	04/35	+115	+61
Ohio Power Company	A3	BBB	250	5.500%	02/13	+90	+41
AEP Texas Central	Baa2	BBB	275	5.500%	02/13	+95	+46
Columbus Southern Power	A3	BBB	250	6.600%	03/33	+136	+82
Ohio Edison	Baa2 ↑	BBB-	175	4.000%	05/08	+73	+26
Ohio Edison	Baa2 ↑	BBB-	150	5.450%	05/15	+103	+49



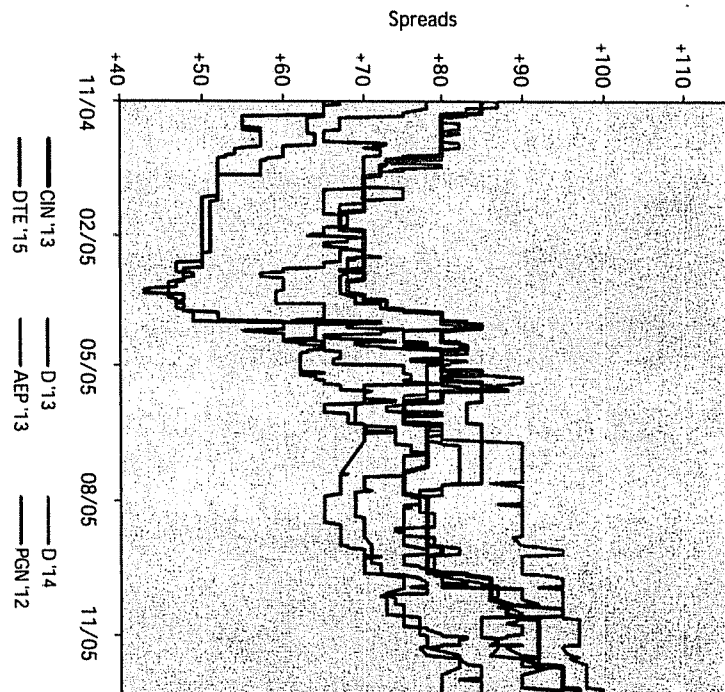


## Recent Trading Activity

Holding Company Trading History



Operating Company Trading History





## Indicative New Issue Pricing – Cinergy Notes (Baa2/BBB↓)

Fixed Rate Issuance	2 Years	3 Years	5 Years	7 Years	10 Years	12 Years	15 Years	20 Years	30 Years
Benchmark	4.25% 11/07	4.375% 11/08	4.375% 12/10	4% 11/12	4.5% 11/15	4.5% 11/15	4.5% 11/15	5.375% 2/31	5.375% 2/31
Benchmark Yield	4.410%	4.420%	4.440%	4.500%	4.530%	4.530%	4.530%	4.730%	4.730%
Reoffer Spread	+75 area	+80 area	+95 area	+105 area	+115 - 120	+140 area	+155 area	+155 area	+165 area
Reoffer Yield	5.16% area	5.22% area	5.39% area	5.55% area	5.68% - 5.73%	5.93% area	6.08% area	6.28% area	6.38% area
Underwriting Commission	0.250%	0.350%	0.600%	0.625%	0.650%	0.675%	0.750%	0.875%	0.875%
All-in Yield	5.29% area	5.35% area	5.53% area	5.66% area	5.77% - 5.82%	6.01% area	6.16% area	6.36% area	6.45% area
<b>Swapped to LIBOR Levels</b>									
Swap Spread	+45	+48	+52	+52	+55	+60	+65	+50	+53
Reoffer versus LIBOR	\$L+30 area	\$L+32 area	\$L+43 area	\$L+53 area	\$L+60 - 65	\$L+80 area	\$L+90 area	\$L+105 area	\$L+112 area
All-in versus LIBOR	\$L+43 area	\$L+45 area	\$L+57 area	\$L+64 area	\$L+69 - 74	\$L+88 area	\$L+98 area	\$L+113 area	\$L+119 area
<b>Floating Rate Issuance</b>									
	2yr NCL	2yr NC 6m	3yr NCL	3yr NC 6m					
Reoffer vs LIBOR	\$L+ 30 area	\$L+33 area	\$L+ 35 area	\$L+ 40 area					
Underwriting Commission	0.250%	0.250%	0.350%	0.350%					
All-in vs LIBOR	\$L+ 43 area	\$L+ 46 area	\$L+ 48 area	\$L+ 53 area					

Benchmark and reoffer spreads as of 12/14/2005.





## Indicative New Issue Pricing: CG&E/PSI/ULH&P Notes (Baa1/BBB↓)

Fixed Rate Issuance	2 Years	3 Years	5 Years	7 Years	10 Years	12 Years	15 Years	30 Years
Benchmark	4.25% 11/07	4.375% 11/08	4.375% 12/10	4% 11/12	4.5% 11/15	4.5% 11/15	4.5% 11/15	5.375% 2/31
Benchmark Yield	4.410%	4.420%	4.440%	4.500%	4.530%	4.530%	4.530%	4.730%
Reoffer Spread	+65 - 70	+70 - 75	+85 - 90	+95 - 100	+110 area	+135 area	+150 area	+155 area
Reoffer Yield	5.06% - 5.11%	5.12% - 5.17%	5.29% - 5.34%	5.45% - 5.50%	5.63% area	5.88% area	6.03% area	6.28% area
Underwriting Commission	0.250%	0.350%	0.600%	0.625%	0.650%	0.675%	0.750%	0.875%
All-in Yield	5.19% - 5.24%	5.25% - 5.30%	5.43% - 5.48%	5.56% - 5.61%	5.72% area	5.96% area	6.11% area	6.35% area
<b>Swapped to LIBOR Levels</b>								
Swap Spread	+45	+48	+52	+52	+55	+60	+65	+53
Reoffer versus LIBOR	\$L+20 - 25	\$L+22 - 27	\$L+33 - 38	\$L+43 - 48	\$L+55 area	\$L+75 area	\$L+85 area	\$L+102 area
All-in versus LIBOR	\$L+33 - 38	\$L+35 - 40	\$L+47 - 52	\$L+54 - 59	\$L+64 area	\$L+83 area	\$L+93 area	\$L+109 area

Floating Rate Issuance	2yr NCL	2yr NC 6m	3yr NCL	3yr NC 6m
Reoffer vs LIBOR	\$L + 25 area	\$L + 28 - 30	\$L + 30 area	\$L + 35 area
Underwriting Commission	0.250%	0.250%	0.350%	0.350%
All-in vs LIBOR	\$L + 38 area	\$L + 41 - 43	\$L + 43 area	\$L + 48 area

Benchmark and reoffer spreads as of 12/14/2005.



**Welles, Sarah**

---

**From:** Bowen, Ed  
**Sent:** Wednesday, December 21, 2005 11:19 AM  
**To:** Glenn, Erica  
**Subject:** FW:.rates

**Attachments:** rates.pdf



rates.pdf (491 KB)

Per our conversation.

-----Original Message-----

**From:** Wilfong, Jackie  
**Sent:** Wednesday, December 21, 2005 6:58 AM  
**To:** Bowen, Ed  
**Subject:** rates

-----  
Please open the attached document.  
This document was sent to you using an HP Digital Sender.

**Sent by:** <jwilfong@cinergy.com>  
**Number of pages:** 16  
**Document type:** B/W Document  
**Attachment File Format:** Adobe PDF

To view this document you need to use the Adobe Acrobat Reader.  
For free copy of the Acrobat reader please visit:

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<http://www.digitalsender.hp.com>

<HELP> for explanation.  
 ENTER # <GOVT> <GO> TO SELECT SECURITY

N247 Govt **GOVT**

**GOVERNMENT SECURITIES** Page 6 of 11  
 SECURITY BID ASK ASKPRC DUR RISK PSRC

1) STRIP PRINC	11/30/05							
2) STRIP PRINC	12/31/05	8.728	8.728	99.79	0.03	0.02	BFV	
3) STRIP PRINC	1/31/06	4.440	4.440	99.52	0.11	0.11	BFV	
4) STRIP PRINC	2/15/06	3.753	3.733	99.45	0.15	0.15	BGN	
5) STRIP PRINC	2/28/06	3.890	3.870	99.28	0.19	0.19	BGN	
6) STRIP PRINC	3/31/06	4.145	4.145	98.89	0.27	0.27	BFV	
7) STRIP PRINC	4/30/06	4.252	4.252	98.51	0.36	0.35	BFV	
8) STRIP PRINC	5/15/06	4.279	4.259	98.33	0.40	0.38	BGN	
9) STRIP PRINC	5/31/06	4.374	4.374	98.11	0.44	0.42	BFV	
10) STRIP PRINC	6/30/06	4.469	4.469	97.71	0.52	0.50	BFV	
11) STRIP PRINC	7/15/06	4.468	4.468	97.53	0.57	0.54	BFV	
12) STRIP PRINC	7/31/06	8.372	8.372	95.18	0.60	0.55	BFV	
13) STRIP PRINC	8/15/06	4.424	4.404	97.21	0.65	0.62	BGN	
14) STRIP PRINC	8/31/06	4.474	4.474	97.00	0.69	0.65	BFV	
15) STRIP PRINC	9/30/06	4.480	4.480	96.64	0.77	0.73	BFV	
16) STRIP PRINC	10/15/06	4.484	4.484	96.46	0.81	0.77	BFV	
17) STRIP PRINC	10/31/06	4.489	4.489	96.27	0.86	0.81	BFV	
18) STRIP PRINC	11/15/06	4.472	4.452	96.12	0.90	0.84	BGN	
19) STRIP PRINC	11/30/06	4.498	4.498	95.91	0.94	0.88	BFV	
20) STRIP PRINC	12/31/06	4.502	4.502	95.54	1.02	0.96	BFV	
21) STRIP PRINC	1/31/07	4.495	4.495	95.19	1.11	1.03	BFV	

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 920410  
 Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2005 Bloomberg L.P.  
 H133-358-0 21-Dec-05 11:12:20

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GOVERNMENT		SECURITIES			DUR	RISK	PSRC
SECURITY		BID	ASK	ASKPRC			
1) STRIP PRINC	2/15/07	4.437	4.417	95.10	1.15	1.07	BGN
2) STRIP PRINC	2/28/07	4.489	4.489	94.86	1.19	1.10	BFV
3) STRIP PRINC	3/31/07	4.482	4.482	94.52	1.27	1.18	BFV
4) STRIP PRINC	4/30/07	4.475	4.475	94.17	1.36	1.25	BFV
5) STRIP PRINC	5/15/07	4.414	4.394	94.11	1.40	1.29	BGN
6) STRIP PRINC	5/31/07	4.469	4.469	93.84	1.44	1.32	BFV
7) STRIP PRINC	6/30/07	4.463	4.463	93.49	1.52	1.39	BFV
8) STRIP PRINC	7/31/07	4.458	4.458	93.15	1.61	1.47	BFV
9) STRIP PRINC	8/15/07	4.430	4.410	93.06	1.65	1.50	BGN
10) STRIP PRINC	8/31/07	4.453	4.453	92.84	1.69	1.53	BFV
11) STRIP PRINC	9/30/07	4.448	4.448	92.50	1.77	1.60	BFV
12) STRIP PRINC	10/31/07	4.444	4.444	92.17	1.86	1.67	BFV
13) STRIP PRINC	11/15/07	4.440	4.420	92.04	1.90	1.71	BGN
14) STRIP PRINC	11/30/07	4.439	4.439	91.84	1.94	1.74	BFV
15) STRIP PRINC	2/15/08	4.402	4.382	91.10	2.15	1.92	BGN
16) STRIP PRINC	5/15/08	4.454	4.434	90.02	2.40	2.11	BGN
17) STRIP PRINC	8/15/08	4.445	4.425	89.05	2.65	2.31	BGN
18) STRIP PRINC	9/15/08	4.445	4.445	88.69	2.73	2.37	BFV
19) STRIP PRINC	10/15/08	4.446	4.446	88.36	2.81	2.43	BFV
20) STRIP PRINC	11/15/08	4.448	4.428	88.08	2.90	2.50	BGN
21) STRIP PRINC	12/15/08	4.449	4.449	87.71	2.98	2.56	BFV

Australia 61 2 9777 8600    Brazil 5511 3048 4500    Europe 44 20 7330 7500    Germany 49 69 920410  
 Hong Kong 852 2977 6000    Japan 81 3 3201 8900    Singapore 65 6212 1000    U.S. 1 212 318 2000    Copyright 2005 Bloomberg L.P.  
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 ENTER # <GOVT> <GO> TO SELECT SECURITY

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**GOVERNMENT SECURITIES**

Page 8 of 11

SECURITY		BID	ASK	ASKPRC	DUR	RISK	PSRC
1) STRIP PRINC	1/15/09	4.449	4.449	87.38	3.07	2.62	BFV
2) STRIP PRINC	2/15/09	4.412	4.392	87.21	3.15	2.69	BGN
3) STRIP PRINC	3/15/09	4.450	4.450	86.75	3.23	2.74	BFV
4) STRIP PRINC	4/15/09	4.450	4.450	86.43	3.31	2.80	BFV
5) STRIP PRINC	5/15/09	4.446	4.426	86.18	3.40	2.86	BGN
6) STRIP PRINC	6/15/09	4.451	4.451	85.79	3.48	2.92	BFV
7) STRIP PRINC	7/15/09	4.451	4.451	85.48	3.57	2.98	BFV
8) STRIP PRINC	8/15/09	4.438	4.418	85.26	3.65	3.04	BGN
9) STRIP PRINC	9/15/09	4.452	4.452	84.86	3.73	3.10	BFV
10) STRIP PRINC	10/15/09	4.452	4.452	84.54	3.81	3.15	BFV
11) STRIP PRINC	11/15/09	4.493	4.473	84.16	3.90	3.21	BGN
12) STRIP PRINC	12/15/09	4.453	4.453	83.92	3.98	3.27	BFV
13) STRIP PRINC	1/15/10	4.448	4.448	83.62	4.07	3.33	BFV
14) STRIP PRINC	2/15/10	4.445	4.425	83.39	4.15	3.39	BGN
15) STRIP PRINC	3/15/10	4.438	4.438	83.06	4.23	3.44	BFV
16) STRIP PRINC	4/15/10	4.432	4.432	82.77	4.31	3.49	BFV
17) STRIP PRINC	5/15/10	4.440	4.420	82.51	4.40	3.55	BGN
18) STRIP PRINC	6/15/10	4.421	4.421	82.21	4.48	3.60	BFV
19) STRIP PRINC	7/15/10	4.416	4.416	81.92	4.57	3.66	BFV
20) STRIP PRINC	8/15/10	4.420	4.400	81.68	4.65	3.72	BGN
21) STRIP PRINC	9/15/10	4.405	4.405	81.38	4.73	3.77	BFV

<HELP> for explanation.  
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N247 Govt GOVT

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GOVERNMENT		SECURITIES						
SECURITY		BID	ASK	ASKPRC	DUR	RISK	PSRC	
1) STRIP PRINC	10/15/10	4.400	4.400	81.10	4.81	3.82	BFV	
2) STRIP PRINC	11/15/10	4.420	4.400	80.80	4.90	3.87	BGN	
3) STRIP PRINC	12/15/10	4.389	4.389	80.55	4.98	3.93	BFV	
4) STRIP PRINC	2/15/11	4.430	4.410	79.88	5.15	4.02	BGN	
5) STRIP PRINC	8/15/11	4.442	4.422	78.11	5.65	4.32	BGN	
6) STRIP PRINC	2/15/12	4.430	4.410	76.47	6.15	4.60	BGN	
7) STRIP PRINC	8/15/12	4.465	4.445	74.65	6.65	4.86	BGN	
8) STRIP PRINC	11/15/12	4.460	4.440	73.87	6.90	4.98	BGN	
9) STRIP PRINC	2/15/13	4.477	4.457	72.97	7.15	5.10	BGN	
10) STRIP PRINC	5/15/13	4.465	4.445	72.24	7.40	5.23	BGN	
11) STRIP PRINC	8/15/13	4.425	4.405	71.66	7.65	5.36	BGN	
12) STRIP PRINC	11/15/13	4.550	4.530	70.20	7.90	5.42	BGN	
13) STRIP PRINC	2/15/14	4.447	4.427	69.99	8.15	5.58	BGN	
14) STRIP PRINC	5/15/14	4.500	4.480	68.93	8.40	5.66	BGN	
15) STRIP PRINC	8/15/14	4.515	4.495	68.08	8.65	5.76	BGN	
16) STRIP PRINC	11/15/14	4.470	4.450	67.60	8.90	5.88	BGN	
17) STRIP PRINC	2/15/15	4.590	4.570	66.14	9.15	5.92	BGN	
18) STRIP PRINC	5/15/15	4.585	4.565	65.43	9.40	6.01	BGN	
19) STRIP PRINC	8/15/15	4.582	4.562	64.71	9.65	6.11	BGN	
20) STRIP PRINC	11/15/15	4.612	4.592	63.80	9.90	6.17	BGN	
21) STRIP PRINC	2/15/16	4.626	4.596	63.05	10.15	6.26	BGN	

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GOVERNMENT		SECURITIES				Page 10 of 11	
SECURITY		BID	ASK	ASKPRC	DUR	RISK	PSRC
1) STRIP PRINC	5/15/16	4.641	4.611	62.25	10.40	6.33	BGN
2) STRIP PRINC	11/15/16	4.669	4.639	60.67	10.90	6.46	BGN
3) STRIP PRINC	5/15/17	4.702	4.672	59.07	11.40	6.58	BGN
4) STRIP PRINC	8/15/17	4.709	4.679	58.34	11.65	6.64	BGN
5) STRIP PRINC	5/15/18	4.743	4.713	56.13	12.40	6.80	BGN
6) STRIP PRINC	11/15/18	4.757	4.727	54.74	12.90	6.90	BGN
7) STRIP PRINC	2/15/19	4.770	4.740	54.01	13.15	6.94	BGN
8) STRIP PRINC	8/15/19	4.782	4.752	52.67	13.65	7.02	BGN
9) STRIP PRINC	2/15/20	4.806	4.776	51.28	14.15	7.09	BGN
10) STRIP PRINC	5/15/20	4.816	4.786	50.61	14.40	7.12	BGN
11) STRIP PRINC	8/15/20	4.822	4.792	49.97	14.65	7.15	BGN
12) STRIP PRINC	2/15/21	4.830	4.800	48.74	15.15	7.21	BGN
13) STRIP PRINC	5/15/21	4.840	4.810	48.10	15.40	7.23	BGN
14) STRIP PRINC	8/15/21	4.843	4.813	47.51	15.65	7.26	BGN
15) STRIP PRINC	11/15/21	4.846	4.816	46.93	15.90	7.28	BGN
16) STRIP PRINC	8/15/22	4.847	4.817	45.27	16.65	7.36	BGN
17) STRIP PRINC	11/15/22	4.850	4.820	44.72	16.90	7.38	BGN
18) STRIP PRINC	2/15/23	4.844	4.814	44.23	17.15	7.41	BGN
19) STRIP PRINC	8/15/23	4.841	4.811	43.21	17.65	7.45	BGN
20) STRIP PRINC	11/15/24	4.844	4.814	40.70	18.90	7.51	BGN
21) STRIP PRINC	2/15/25	4.845	4.815	40.21	19.15	7.52	BGN

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GOVERNMENT		SECURITIES					RISK	PSRC
SECURITY		BID	ASK	ASKPRC	DUR			
1) STRIP PRINC	8/15/25	4.840	4.810	39.30	19.65	7.54	BGN	
2) STRIP PRINC	2/15/26	4.827	4.787	38.55	20.15	7.59	BGN	
3) STRIP PRINC	8/15/26	4.835	4.795	37.59	20.65	7.58	BGN	
4) STRIP PRINC	11/15/26	4.831	4.791	37.18	20.90	7.59	BGN	
5) STRIP PRINC	2/15/27	4.823	4.783	36.80	21.15	7.60	BGN	
6) STRIP PRINC	8/15/27	4.817	4.777	35.99	21.65	7.61	BGN	
7) STRIP PRINC	11/15/27	4.814	4.774	35.59	21.90	7.61	BGN	
8) STRIP PRINC	8/15/28	4.795	4.755	34.49	22.65	7.63	BGN	
9) STRIP PRINC	11/15/28	4.786	4.746	34.16	22.90	7.64	BGN	
10) STRIP PRINC	2/15/29	4.786	4.746	33.76	23.15	7.63	BGN	
11) STRIP PRINC	8/15/29	4.776	4.736	33.06	23.65	7.64	BGN	
12) STRIP PRINC	5/15/30	4.757	4.717	32.06	24.40	7.64	BGN	
13) STRIP PRINC	2/15/31	4.645	4.605	31.82	25.15	7.82	BGN	

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GOVERNMENT		SECURITIES				Page 9 of 16	
SECURITY		BID	ASK	ASKPRC	DUR	RISK	PSRC
1) STRIPS	12/31/05	8.730	8.730	99.79	0.03	0.02	BFV
2) STRIPS	1/15/06	3.810	3.790	99.75	0.07	0.06	BGN
3) STRIPS	1/31/06	4.442	4.442	99.52	0.11	0.11	BFV
4) STRIPS	2/15/06	3.768	3.748	99.44	0.15	0.15	BGN
5) STRIPS	2/28/06	3.830	3.810	99.29	0.19	0.19	BGN
6) STRIPS	3/15/06	4.145	4.145	99.06	0.23	0.23	BFV
7) STRIPS	3/31/06	4.146	4.146	98.89	0.27	0.27	BFV
8) STRIPS	4/15/06	4.194	4.194	98.70	0.32	0.31	BFV
9) STRIPS	4/30/06	4.252	4.252	98.51	0.36	0.35	BFV
10) STRIPS	5/15/06	4.206	4.186	98.36	0.40	0.38	BGN
11) STRIPS	5/31/06	4.374	4.374	98.11	0.44	0.42	BFV
12) STRIPS	6/15/06	4.439	4.439	97.91	0.48	0.46	BFV
13) STRIPS	6/30/06	4.469	4.469	97.71	0.52	0.50	BFV
14) STRIPS	7/15/06	4.125	4.105	97.73	0.57	0.54	BGN
15) STRIPS	7/31/06	4.462	4.462	97.35	0.61	0.58	BFV
16) STRIPS	8/15/06	4.295	4.275	97.29	0.65	0.62	BGN
17) STRIPS	8/31/06	4.474	4.474	97.00	0.69	0.65	BFV
18) STRIPS	9/15/06	4.477	4.477	96.82	0.73	0.69	BFV
19) STRIPS	9/30/06	4.480	4.480	96.64	0.77	0.73	BFV
20) STRIPS	10/15/06	4.484	4.484	96.46	0.81	0.77	BFV
21) STRIPS	10/31/06	4.489	4.489	96.27	0.86	0.81	BFV

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SECURITY		BID	ASK	ASKPRC	DUR	RISK	PSRC
1) STRIPS	11/15/06	4.342	4.322	96.23	0.90	0.85	BGN
2) STRIPS	11/30/06	4.498	4.498	95.91	0.94	0.88	BFV
3) STRIPS	12/15/06	4.503	4.503	95.73	0.98	0.92	BFV
4) STRIPS	12/31/06	4.502	4.502	95.54	1.02	0.96	BFV
5) STRIPS	1/15/07	4.499	4.499	95.37	1.07	0.99	BFV
6) STRIPS	1/31/07	4.495	4.495	95.19	1.11	1.03	BFV
7) STRIPS	2/15/07	4.350	4.330	95.20	1.15	1.07	BGN
8) STRIPS	2/28/07	4.489	4.489	94.86	1.19	1.10	BFV
9) STRIPS	3/15/07	4.360	4.340	94.86	1.23	1.14	BGN
10) STRIPS	3/31/07	4.482	4.482	94.52	1.27	1.18	BFV
11) STRIPS	4/15/07	4.478	4.478	94.35	1.31	1.21	BFV
12) STRIPS	4/30/07	4.475	4.475	94.17	1.36	1.25	BFV
13) STRIPS	5/15/07	4.387	4.367	94.14	1.40	1.29	BGN
14) STRIPS	5/31/07	4.469	4.469	93.84	1.44	1.32	BFV
15) STRIPS	6/15/07	4.466	4.466	93.67	1.48	1.36	BFV
16) STRIPS	6/30/07	4.463	4.463	93.49	1.52	1.39	BFV
17) STRIPS	7/15/07	4.460	4.460	93.33	1.57	1.43	BFV
18) STRIPS	7/31/07	4.458	4.458	93.15	1.61	1.47	BFV
19) STRIPS	8/15/07	4.400	4.380	93.10	1.65	1.50	BGN
20) STRIPS	8/31/07	4.453	4.453	92.84	1.69	1.53	BFV
21) STRIPS	9/15/07	4.451	4.451	92.67	1.73	1.57	BFV

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GOVERNMENT		SECURITIES			DUR	RISK	PSRC
SECURITY		BID	ASK	ASKPRC			
1) STRIPS	9/30/07	4.448	4.448	92.50	1.77	1.60	BFV
2) STRIPS	10/15/07	4.446	4.446	92.34	1.81	1.64	BFV
3) STRIPS	10/31/07	4.444	4.444	92.17	1.86	1.67	BFV
4) STRIPS	11/15/07	4.419	4.399	92.07	1.90	1.71	BGN
5) STRIPS	11/30/07	4.439	4.439	91.84	1.94	1.74	BFV
6) STRIPS	12/15/07	4.436	4.436	91.68	1.98	1.78	BFV
7) STRIPS	1/15/08	4.436	4.436	91.34	2.07	1.85	BFV
8) STRIPS	2/15/08	4.432	4.412	91.05	2.15	1.91	BGN
9) STRIPS	3/15/08	4.438	4.438	90.68	2.23	1.98	BFV
10) STRIPS	4/15/08	4.439	4.439	90.34	2.31	2.04	BFV
11) STRIPS	5/15/08	4.438	4.418	90.05	2.40	2.11	BGN
12) STRIPS	6/15/08	4.441	4.441	89.68	2.48	2.18	BFV
13) STRIPS	7/15/08	4.442	4.442	89.34	2.57	2.24	BFV
14) STRIPS	8/15/08	4.411	4.391	89.13	2.65	2.31	BGN
15) STRIPS	9/15/08	4.445	4.445	88.69	2.73	2.37	BFV
16) STRIPS	10/15/08	4.446	4.446	88.36	2.81	2.43	BFV
17) STRIPS	11/15/08	4.452	4.432	88.07	2.90	2.50	BGN
18) STRIPS	12/15/08	4.449	4.449	87.71	2.98	2.56	BFV
19) STRIPS	1/15/09	4.449	4.449	87.38	3.07	2.62	BFV
20) STRIPS	2/15/09	4.445	4.425	87.12	3.15	2.68	BGN
21) STRIPS	3/15/09	4.450	4.450	86.75	3.23	2.74	BFV

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GOVERNMENT		SECURITIES				Page 12 of 16		
SECURITY		BID	ASK	ASKPRC	DUR	RISK	PSRC	
1) STRIPS	4/15/09	4.450	4.450	86.43	3.31	2.80	BFV	
2) STRIPS	5/15/09	4.455	4.435	86.15	3.40	2.86	BGN	
3) STRIPS	6/15/09	4.451	4.451	85.79	3.48	2.92	BFV	
4) STRIPS	7/15/09	4.451	4.451	85.48	3.57	2.98	BFV	
5) STRIPS	8/15/09	4.444	4.424	85.24	3.65	3.04	BGN	
6) STRIPS	9/15/09	4.452	4.452	84.86	3.73	3.10	BFV	
7) STRIPS	10/15/09	4.452	4.452	84.54	3.81	3.15	BFV	
8) STRIPS	11/15/09	4.449	4.429	84.30	3.90	3.21	BGN	
9) STRIPS	12/15/09	4.453	4.453	83.92	3.98	3.27	BFV	
10) STRIPS	1/15/10	4.448	4.448	83.62	4.07	3.33	BFV	
11) STRIPS	2/15/10	4.424	4.404	83.46	4.15	3.39	BGN	
12) STRIPS	3/15/10	4.438	4.438	83.06	4.23	3.44	BFV	
13) STRIPS	4/15/10	4.432	4.432	82.77	4.31	3.49	BFV	
14) STRIPS	5/15/10	4.362	4.342	82.79	4.40	3.56	BGN	
15) STRIPS	6/15/10	4.421	4.421	82.21	4.48	3.60	BFV	
16) STRIPS	7/15/10	4.416	4.416	81.92	4.57	3.66	BFV	
17) STRIPS	8/15/10	4.325	4.305	82.03	4.65	3.73	BGN	
18) STRIPS	9/15/10	4.405	4.405	81.38	4.73	3.77	BFV	
19) STRIPS	10/15/10	4.400	4.400	81.10	4.81	3.82	BFV	
20) STRIPS	11/15/10	4.299	4.279	81.27	4.90	3.90	BGN	
21) STRIPS	12/15/10	4.389	4.389	80.55	4.98	3.93	BFV	



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 SECURITY BID ASK ASKPRC DUR RISK PSRC

1) STRIPS	2/15/11	4.440	4.420	79.84	5.15	4.02	BGN
2) STRIPS	5/15/11	4.336	4.316	79.41	5.40	4.20	BGN
3) STRIPS	8/15/11	4.443	4.423	78.10	5.65	4.32	BGN
4) STRIPS	11/15/11	4.348	4.328	77.68	5.90	4.48	BGN
5) STRIPS	2/15/12	4.479	4.459	76.25	6.15	4.59	BGN
6) STRIPS	5/15/12	4.459	4.439	75.51	6.40	4.73	BGN
7) STRIPS	8/15/12	4.487	4.467	74.55	6.65	4.85	BGN
8) STRIPS	11/15/12	4.506	4.486	73.64	6.90	4.97	BGN
9) STRIPS	2/15/13	4.535	4.515	72.67	7.15	5.08	BGN
10) STRIPS	5/15/13	4.560	4.540	71.74	7.40	5.19	BGN
11) STRIPS	8/15/13	4.568	4.548	70.89	7.65	5.30	BGN
12) STRIPS	11/15/13	4.578	4.558	70.05	7.90	5.41	BGN
13) STRIPS	2/15/14	4.595	4.575	69.17	8.15	5.51	BGN
14) STRIPS	5/15/14	4.613	4.593	68.29	8.40	5.61	BGN
15) STRIPS	8/15/14	4.623	4.603	67.46	8.65	5.70	BGN
16) STRIPS	11/15/14	4.637	4.617	66.62	8.90	5.79	BGN
17) STRIPS	2/15/15	4.633	4.613	65.88	9.15	5.89	BGN
18) STRIPS	5/15/15	4.602	4.582	65.33	9.40	6.00	BGN
19) STRIPS	8/15/15	4.632	4.612	64.40	9.65	6.07	BGN
20) STRIPS	11/15/15	4.653	4.633	63.55	9.90	6.15	BGN
21) STRIPS	2/15/16	4.676	4.646	62.74	10.15	6.22	BGN

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SECURITY		BID	ASK	ASKPRC	DUR	RISK	PSRC
1) STRIPS	5/15/16	4.686	4.656	61.97	10.40	6.30	BGN
2) STRIPS	8/15/16	4.696	4.666	61.19	10.65	6.37	BGN
3) STRIPS	11/15/16	4.708	4.678	60.42	10.90	6.43	BGN
4) STRIPS	2/15/17	4.718	4.688	59.65	11.15	6.50	BGN
5) STRIPS	5/15/17	4.741	4.711	58.82	11.40	6.55	BGN
6) STRIPS	8/15/17	4.746	4.716	58.10	11.65	6.61	BGN
7) STRIPS	11/15/17	4.761	4.731	57.33	11.90	6.66	BGN
8) STRIPS	2/15/18	4.770	4.740	56.60	12.15	6.72	BGN
9) STRIPS	5/15/18	4.773	4.743	55.92	12.40	6.77	BGN
10) STRIPS	8/15/18	4.786	4.756	55.18	12.65	6.82	BGN
11) STRIPS	11/15/18	4.791	4.761	54.51	12.90	6.87	BGN
12) STRIPS	2/15/19	4.803	4.773	53.78	13.15	6.91	BGN
13) STRIPS	5/15/19	4.810	4.780	53.11	13.40	6.95	BGN
14) STRIPS	8/15/19	4.801	4.771	52.54	13.65	7.01	BGN
15) STRIPS	11/15/19	4.814	4.784	51.84	13.90	7.04	BGN
16) STRIPS	2/15/20	4.825	4.795	51.15	14.15	7.07	BGN
17) STRIPS	5/15/20	4.837	4.807	50.46	14.40	7.10	BGN
18) STRIPS	8/15/20	4.845	4.815	49.81	14.65	7.12	BGN
19) STRIPS	11/15/20	4.849	4.819	49.19	14.90	7.16	BGN
20) STRIPS	2/15/21	4.848	4.818	48.61	15.15	7.19	BGN
21) STRIPS	5/15/21	4.857	4.827	47.98	15.40	7.21	BGN

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SECURITY		BID	ASK	ASKPRC	DUR	RISK	PSRC
1) STRIPS	8/15/21	4.863	4.833	47.36	15.65	7.24	BGN
2) STRIPS	11/15/21	4.869	4.839	46.76	15.90	7.26	BGN
3) STRIPS	2/15/22	4.856	4.826	46.30	16.15	7.30	BGN
4) STRIPS	5/15/22	4.855	4.825	45.76	16.40	7.33	BGN
5) STRIPS	8/15/22	4.840	4.810	45.32	16.65	7.37	BGN
6) STRIPS	11/15/22	4.868	4.838	44.58	16.90	7.36	BGN
7) STRIPS	2/15/23	4.851	4.821	44.18	17.15	7.40	BGN
8) STRIPS	5/15/23	4.859	4.829	43.60	17.40	7.41	BGN
9) STRIPS	8/15/23	4.859	4.829	43.08	17.65	7.42	BGN
10) STRIPS	11/15/23	4.864	4.834	42.53	17.90	7.43	BGN
11) STRIPS	2/15/24	4.863	4.833	42.03	18.15	7.45	BGN
12) STRIPS	5/15/24	4.867	4.837	41.51	18.40	7.46	BGN
13) STRIPS	8/15/24	4.862	4.832	41.05	18.65	7.48	BGN
14) STRIPS	11/15/24	4.867	4.837	40.53	18.90	7.48	BGN
15) STRIPS	2/15/25	4.862	4.832	40.08	19.15	7.49	BGN
16) STRIPS	5/15/25	4.865	4.835	39.58	19.40	7.50	BGN
17) STRIPS	8/15/25	4.859	4.829	39.16	19.65	7.51	BGN
18) STRIPS	11/15/25	4.856	4.826	38.72	19.90	7.52	BGN
19) STRIPS	2/15/26	4.851	4.811	38.37	20.15	7.55	BGN
20) STRIPS	5/15/26	4.857	4.817	37.87	20.40	7.54	BGN
21) STRIPS	8/15/26	4.859	4.819	37.41	20.65	7.54	BGN

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SECURITY		BID	ASK	ASKPRC	DUR	RISK	PSRC
1) STRIPS	8/15/21	4.863	4.833	47.36	15.65	7.24	BGN
2) STRIPS	11/15/21	4.869	4.839	46.76	15.90	7.26	BGN
3) STRIPS	2/15/22	4.856	4.826	46.30	16.15	7.30	BGN
4) STRIPS	5/15/22	4.855	4.825	45.76	16.40	7.33	BGN
5) STRIPS	8/15/22	4.840	4.810	45.32	16.65	7.37	BGN
6) STRIPS	11/15/22	4.868	4.838	44.58	16.90	7.36	BGN
7) STRIPS	2/15/23	4.851	4.821	44.18	17.15	7.40	BGN
8) STRIPS	5/15/23	4.859	4.829	43.60	17.40	7.41	BGN
9) STRIPS	8/15/23	4.859	4.829	43.08	17.65	7.42	BGN
10) STRIPS	11/15/23	4.864	4.834	42.53	17.90	7.43	BGN
11) STRIPS	2/15/24	4.863	4.833	42.03	18.15	7.45	BGN
12) STRIPS	5/15/24	4.867	4.837	41.51	18.40	7.46	BGN
13) STRIPS	8/15/24	4.862	4.832	41.05	18.65	7.48	BGN
14) STRIPS	11/15/24	4.867	4.837	40.53	18.90	7.48	BGN
15) STRIPS	2/15/25	4.862	4.832	40.08	19.15	7.49	BGN
16) STRIPS	5/15/25	4.865	4.835	39.58	19.40	7.50	BGN
17) STRIPS	8/15/25	4.859	4.829	39.16	19.65	7.51	BGN
18) STRIPS	11/15/25	4.856	4.826	38.72	19.90	7.52	BGN
19) STRIPS	2/15/26	4.851	4.811	38.37	20.15	7.55	BGN
20) STRIPS	5/15/26	4.857	4.817	37.87	20.40	7.54	BGN
21) STRIPS	8/15/26	4.859	4.819	37.41	20.65	7.54	BGN

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 SECURITY BID ASK ASKPRC DUR RISK PSRC

1) STRIPS	8/15/21	4.863	4.833	47.36	15.65	7.24	BGN
2) STRIPS	11/15/21	4.869	4.839	46.76	15.90	7.26	BGN
3) STRIPS	2/15/22	4.856	4.826	46.30	16.15	7.30	BGN
4) STRIPS	5/15/22	4.855	4.825	45.76	16.40	7.33	BGN
5) STRIPS	8/15/22	4.840	4.810	45.32	16.65	7.37	BGN
6) STRIPS	11/15/22	4.868	4.838	44.58	16.90	7.36	BGN
7) STRIPS	2/15/23	4.851	4.821	44.18	17.15	7.40	BGN
8) STRIPS	5/15/23	4.859	4.829	43.60	17.40	7.41	BGN
9) STRIPS	8/15/23	4.859	4.829	43.08	17.65	7.42	BGN
10) STRIPS	11/15/23	4.864	4.834	42.53	17.90	7.43	BGN
11) STRIPS	2/15/24	4.863	4.833	42.03	18.15	7.45	BGN
12) STRIPS	5/15/24	4.867	4.837	41.51	18.40	7.46	BGN
13) STRIPS	8/15/24	4.862	4.832	41.05	18.65	7.48	BGN
14) STRIPS	11/15/24	4.867	4.837	40.53	18.90	7.48	BGN
15) STRIPS	2/15/25	4.862	4.832	40.08	19.15	7.49	BGN
16) STRIPS	5/15/25	4.865	4.835	39.58	19.40	7.50	BGN
17) STRIPS	8/15/25	4.859	4.829	39.16	19.65	7.51	BGN
18) STRIPS	11/15/25	4.856	4.826	38.72	19.90	7.52	BGN
19) STRIPS	2/15/26	4.851	4.811	38.37	20.15	7.55	BGN
20) STRIPS	5/15/26	4.857	4.817	37.87	20.40	7.54	BGN
21) STRIPS	8/15/26	4.859	4.819	37.41	20.65	7.54	BGN

<HELP> for explanation.  
 ENTER # <GOVT> <GO> TO SELECT SECURITY  
**GOVERNMENT**

N247 Govt **GOVT**

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SECURITY		SECURITIES						
		BID	ASK	ASKPRC	DUR	RISK	PSRC	
1) STRIPS	11/15/26	4.850	4.810	37.04	20.89	7.56	BGN	
2) STRIPS	2/15/27	4.836	4.796	36.70	21.15	7.58	BGN	
3) STRIPS	5/15/27	4.846	4.806	36.20	21.40	7.56	BGN	
4) STRIPS	8/15/27	4.832	4.792	35.87	21.65	7.59	BGN	
5) STRIPS	11/15/27	4.832	4.792	35.45	21.90	7.58	BGN	
6) STRIPS	2/15/28	4.820	4.780	35.12	22.15	7.60	BGN	
7) STRIPS	5/15/28	4.815	4.775	34.75	22.39	7.60	BGN	
8) STRIPS	8/15/28	4.812	4.772	34.36	22.65	7.60	BGN	
9) STRIPS	11/15/28	4.804	4.764	34.03	22.90	7.61	BGN	
10) STRIPS	2/15/29	4.820	4.780	33.50	23.15	7.58	BGN	
11) STRIPS	5/15/29	4.810	4.770	33.19	23.39	7.58	BGN	
12) STRIPS	8/15/29	4.777	4.737	33.05	23.65	7.64	BGN	
13) STRIPS	11/15/29	4.790	4.750	32.57	23.90	7.60	BGN	
14) STRIPS	2/15/30	4.761	4.721	32.41	24.15	7.64	BGN	
15) STRIPS	5/15/30	4.768	4.728	31.98	24.39	7.62	BGN	
16) STRIPS	8/15/30	4.714	4.674	32.02	24.65	7.71	BGN	
17) STRIPS	2/15/31	4.757	4.717	30.96	25.15	7.61	BGN	

Consumer Price Index - All  
 Urban Consumers

<b>Year</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>
<b>1992</b>	138.1	138.6	139.3	139.5	139.7	140.2	140.5	140.9	141.3
<b>1993</b>	142.6	143.1	143.6	144.0	144.2	144.4	144.4	144.8	145.1
<b>1994</b>	146.2	146.7	147.2	147.4	147.5	148.0	148.4	149.0	149.4
<b>1995</b>	150.3	150.9	151.4	151.9	152.2	152.5	152.5	152.9	153.2
<b>1996</b>	154.4	154.9	155.7	156.3	156.6	156.7	157.0	157.3	157.8
<b>1997</b>	159.1	159.6	160.0	160.2	160.1	160.3	160.5	160.8	161.2
<b>1998</b>	161.6	161.9	162.2	162.5	162.8	163.0	163.2	163.4	163.6
<b>1999</b>	164.3	164.5	165.0	166.2	166.2	166.2	166.7	167.1	167.9
<b>2000</b>	168.8	169.8	171.2	171.3	171.5	172.4	172.8	172.8	173.7
<b>2001</b>	175.1	175.8	176.2	176.9	177.7	178.0	177.5	177.5	178.3
<b>2002</b>	177.1	177.8	178.8	179.8	179.8	179.9	180.1	180.7	181.0
<b>2003</b>	181.7	183.1	184.2	183.8	183.5	183.7	183.9	184.6	185.2
<b>2004</b>	185.2	186.2	187.4	188.0	189.1	189.7	189.4	189.5	189.9
<b>2005</b>	190.7	191.8	193.3	194.6	194.4	194.5	196.4	198.8	199.2

Oct	Nov	Dec	Annual	HALF1	HALF2	Annual % Chng	Rolling % Chng
141.8	142.0	141.9	140.3	139.2	141.4		
145.7	145.8	145.8	144.5	143.7	145.3	2.99%	
149.5	149.7	149.7	148.2	147.2	149.3	2.56%	
153.7	153.6	153.5	152.4	151.5	153.2	2.83%	
158.3	158.6	158.6	156.9	155.8	157.9	2.95%	
161.6	161.5	161.3	160.5	159.9	161.2	2.29%	
164.0	164.0	163.9	163.0	162.3	163.7	1.56%	2.53%
168.2	168.3	168.3	166.6	165.4	167.8	2.21%	2.40%
174.0	174.1	174.0	172.2	170.8	173.6	3.36%	2.53%
177.7	177.4	176.7	177.1	176.6	177.5	2.85%	2.54%
181.3	181.3	180.9	179.9	178.9	180.9	1.58%	2.31%
185.0	184.5	184.3	184.0	183.3	184.6	2.28%	2.30%
190.9	191.0	190.3	188.9	187.6	190.2	2.66%	2.49%
197.6							



**Welles, Sarah**

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**From:** Reynolds, Jaime  
**Sent:** Wednesday, January 04, 2006 5:14 PM  
**To:** Glenn, Erica; Melendez, Brenda  
**Subject:** Transition entries  
**Attachments:** Transition Details.xls

Here is an updated transition journal entry report. It looks like the 2 corrections made quite a difference. CGE's cum effect is down to \$4.4M.

*Jaime Reynolds*  
*Fixed Asset Accounting*  
287-3490

ARO Transition Journal Entry Report

Company / ARO	Account	Debits	Credits
<b>Cincinnati Gas &amp; Electric Co.</b>			
<b>B</b>			
<b>1-5 Asbestos</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$211,284.95	
Initial liability:	230850 - Asset Retirement Obligatio		\$211,284.95
Accretion Expense:	230850 - Asset Retirement Obligatio		\$330,969.73
Accumulated depreciation:			\$82,418.35
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$413,388.08	\$0.00
<b>Beckjord 1-5 River Structure</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$17,789.96	
Initial liability:	230850 - Asset Retirement Obligatio		\$17,789.96
Accretion Expense:	230850 - Asset Retirement Obligatio		\$476,766.18
Accumulated depreciation:			\$12,312.96
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$489,079.14	\$0.00
<b>Beckjord 6 Asbestos</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$28,901.40	
Initial liability:	230850 - Asset Retirement Obligatio		\$28,901.40
Accretion Expense:	230850 - Asset Retirement Obligatio		\$45,273.00
Accumulated depreciation:			\$11,274.49
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$56,547.49	\$0.00
<b>Beckjord 6 River Structure</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$1,334.25	
Initial liability:	230850 - Asset Retirement Obligatio		\$1,334.25
Accretion Expense:	230850 - Asset Retirement Obligatio		\$35,757.10
Accumulated depreciation:			\$922.20
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$36,679.30	\$0.00
<b>Conesville Asbestos</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$12,762.62	
Initial liability:	230850 - Asset Retirement Obligatio		\$12,762.62
Accretion Expense:	230850 - Asset Retirement Obligatio		\$19,992.12
Accumulated depreciation:			\$4,512.33
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$24,504.45	\$0.00
<b>E</b>			
<b>nd Asbestos</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$42,698.67	
Initial liability:	230850 - Asset Retirement Obligatio		\$42,698.67
Accretion Expense:	230850 - Asset Retirement Obligatio		\$66,885.90
Accumulated depreciation:			\$12,711.63
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$79,597.53	\$0.00
<b>East Bend River Structure</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$17,053.76	
Initial liability:	230850 - Asset Retirement Obligatio		\$17,053.76
Accretion Expense:	230850 - Asset Retirement Obligatio		\$59,590.80
Accumulated depreciation:			\$6,868.80
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$66,459.60	\$0.00
<b>East Bend SCR Catalyst A 2002</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$71,110.28	
Initial liability:	230850 - Asset Retirement Obligatio		\$71,110.28
Accretion Expense:	230850 - Asset Retirement Obligatio		\$13,989.82
Accumulated depreciation:			\$27,504.85
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$41,494.67	\$0.00
<b>East Bend SCR Catalyst B 2002</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$66,364.10	
Initial liability:	230850 - Asset Retirement Obligatio		\$66,364.10
Accretion Expense:	230850 - Asset Retirement Obligatio		\$13,320.01
Accumulated depreciation:			\$20,930.09
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$34,250.10	\$0.00
<b>Killen Asbestos</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$19,656.86	
Initial liability:	230850 - Asset Retirement Obligatio		\$19,656.86
Accretion Expense:	230850 - Asset Retirement Obligatio		\$30,791.67
Accumulated depreciation:			\$5,737.70
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$36,529.37	\$0.00

<b>Killen River Structure</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$20,022.46	
Initial liability:	230850 - Asset Retirement Obligatio		\$20,022.46
Accretion Expense:	230850 - Asset Retirement Obligatio		\$64,483.75
Accumulated depreciation:			\$7,728.00
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$72,211.75	\$0.00
<b>Killen SCR Catalyst A 2004</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$43,079.11	
Initial liability:	230850 - Asset Retirement Obligatio		\$43,079.11
Accretion Expense:	230850 - Asset Retirement Obligatio		\$3,486.87
Accumulated depreciation:			\$17,052.12
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$20,538.99	\$0.00
<b>Killen SCR Catalyst B 2004</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$40,558.73	
Initial liability:	230850 - Asset Retirement Obligatio		\$40,558.73
Accretion Expense:	230850 - Asset Retirement Obligatio		\$3,348.37
Accumulated depreciation:			\$10,703.08
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$14,051.45	\$0.00
<b>Miami Fort 3-5 Asbestos</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$216,408.49	
Initial liability:	230850 - Asset Retirement Obligatio		\$216,408.49
Accretion Expense:	230850 - Asset Retirement Obligatio		\$338,995.60
Accumulated depreciation:			\$68,479.54
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$407,475.14	\$0.00
<b>Miami Fort 5&amp;6 River Structure</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$2,043.34	
Initial liability:	230850 - Asset Retirement Obligatio		\$2,043.34
Accretion Expense:	230850 - Asset Retirement Obligatio		\$66,544.33
Accumulated depreciation:			\$1,290.24
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$67,834.57	\$0.00
<b>Miami Fort 6 Asbestos</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$176,823.48	
Initial liability:	230850 - Asset Retirement Obligatio		\$176,823.48
Accretion Expense:	230850 - Asset Retirement Obligatio		\$276,987.26
Accumulated depreciation:			\$55,952.53
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$332,939.79	\$0.00
<b>Miami Fort 7 SCR Catalyst A 2003</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$127,465.02	
Initial liability:	230850 - Asset Retirement Obligatio		\$127,465.02
Accretion Expense:	230850 - Asset Retirement Obligatio		\$16,405.42
Accumulated depreciation:			\$63,732.43
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$80,137.85	\$0.00
<b>Miami Fort 7 SCR Catalyst B 2003</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$119,908.44	
Initial liability:	230850 - Asset Retirement Obligatio		\$119,908.44
Accretion Expense:	230850 - Asset Retirement Obligatio		\$15,747.64
Accumulated depreciation:			\$42,406.70
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$58,154.34	\$0.00
<b>Miami Fort 7&amp;8 River Structure</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$6,699.38	
Initial liability:	230850 - Asset Retirement Obligatio		\$6,699.38
Accretion Expense:	230850 - Asset Retirement Obligatio		\$37,197.11
Accumulated depreciation:			\$3,211.20
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$40,408.31	\$0.00
<b>Miami Fort 8 SCR Catalyst A 2002</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$117,772.83	
Initial liability:	230850 - Asset Retirement Obligatio		\$117,772.83
Accretion Expense:	230850 - Asset Retirement Obligatio		\$22,237.53
Accumulated depreciation:			\$58,886.25
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$81,123.78	\$0.00
<b>Miami Fort 8 SCR Catalyst B 2002</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$109,611.81	
Initial liability:	230850 - Asset Retirement Obligatio		\$109,611.81
Accretion Expense:	230850 - Asset Retirement Obligatio		\$21,564.35
Accumulated depreciation:			\$42,396.87
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$63,961.22	\$0.00

<b>Stuart 1 SCR Catalyst A 2004</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$110,711.89	
Initial liability:	230850 - Asset Retirement Obligatio		\$110,711.89
Accretion Expense:	230850 - Asset Retirement Obligatio		\$9,319.05
Accumulated depreciation:			\$21,911.75
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$31,230.80	\$0.00
<b>Stuart 1 SCR Catalyst B 2004</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$102,392.60	
Initial liability:	230850 - Asset Retirement Obligatio		\$102,392.60
Accretion Expense:	230850 - Asset Retirement Obligatio		\$8,950.81
Accumulated depreciation:			\$16,212.13
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$25,162.94	\$0.00
<b>Stuart 2 SCR Catalyst A 2004</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$110,711.89	
Initial liability:	230850 - Asset Retirement Obligatio		\$110,711.89
Accretion Expense:	230850 - Asset Retirement Obligatio		\$9,319.05
Accumulated depreciation:			\$21,911.75
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$31,230.80	\$0.00
<b>Stuart 2 SCR Catalyst B 2004</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$102,392.60	
Initial liability:	230850 - Asset Retirement Obligatio		\$102,392.60
Accretion Expense:	230850 - Asset Retirement Obligatio		\$8,950.81
Accumulated depreciation:			\$16,212.13
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$25,162.94	\$0.00
<b>Stuart 3 SCR Catalyst A 2004</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$106,577.02	
Initial liability:	230850 - Asset Retirement Obligatio		\$106,577.02
Accretion Expense:	230850 - Asset Retirement Obligatio		\$9,143.70
Accumulated depreciation:			\$18,749.58
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$27,893.28	\$0.00
<b>Stuart 3 SCR Catalyst B 2004</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$98,177.10	
Initial liability:	230850 - Asset Retirement Obligatio		\$98,177.10
Accretion Expense:	230850 - Asset Retirement Obligatio		\$8,741.79
Accumulated depreciation:			\$14,131.63
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$22,873.42	\$0.00
<b>Stuart 4 SCR Catalyst A 2004</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$122,031.52	
Initial liability:	230850 - Asset Retirement Obligatio		\$122,031.52
Accretion Expense:	230850 - Asset Retirement Obligatio		\$9,877.29
Accumulated depreciation:			\$38,643.34
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$48,520.63	\$0.00
<b>Stuart 4 SCR Catalyst B 2004</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$106,577.02	
Initial liability:	230850 - Asset Retirement Obligatio		\$106,577.02
Accretion Expense:	230850 - Asset Retirement Obligatio		\$9,143.70
Accumulated depreciation:			\$18,749.58
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$27,893.28	\$0.00
<b>Stuart 4 SCR Catalyst C 2005</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$102,941.47	
Initial liability:	230850 - Asset Retirement Obligatio		\$102,941.47
Accretion Expense:	230850 - Asset Retirement Obligatio		\$3,977.42
Accumulated depreciation:			\$7,594.02
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$11,571.44	\$0.00
<b>Stuart Asbestos</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$426,891.66	
Initial liability:	230850 - Asset Retirement Obligatio		\$426,891.66
Accretion Expense:	230850 - Asset Retirement Obligatio		\$668,709.27
Accumulated depreciation:			\$147,457.08
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$816,166.35	\$0.00
<b>Stuart River Structure</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$18,679.43	
Initial liability:	230850 - Asset Retirement Obligatio		\$18,679.43
Accretion Expense:	230850 - Asset Retirement Obligatio		\$159,760.13
Accumulated depreciation:			\$10,411.20
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$170,171.33	\$0.00

<b>Zimmer Asbestos</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$298,501.14	
Initial liability:	230850 - Asset Retirement Obligatio		\$298,501.14
Accretion Expense:	230850 - Asset Retirement Obligatio		\$417,176.75
Accumulated depreciation:			\$70,136.64
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$487,313.39	\$0.00
<b>Zimmer River Structure</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$22,058.61	
Initial liability:	230850 - Asset Retirement Obligatio		\$22,058.61
Accretion Expense:	230850 - Asset Retirement Obligatio		\$30,828.48
Accumulated depreciation:			\$5,182.80
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$36,011.28	\$0.00
<b>Zimmer SCR Catalyst A 2004</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$148,956.94	
Initial liability:	230850 - Asset Retirement Obligatio		\$148,956.94
Accretion Expense:	230850 - Asset Retirement Obligatio		\$12,297.27
Accumulated depreciation:			\$39,308.15
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$51,605.42	\$0.00
<b>Zimmer SCR Catalyst B 2004</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$139,685.43	
Initial liability:	230850 - Asset Retirement Obligatio		\$139,685.43
Accretion Expense:	230850 - Asset Retirement Obligatio		\$11,757.86
Accumulated depreciation:			\$27,646.14
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$39,404.00	\$0.00
<b>Zimmer SCR Catalyst C 2004</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$129,189.56	
Initial liability:	230850 - Asset Retirement Obligatio		\$129,189.56
Accretion Expense:	230850 - Asset Retirement Obligatio		\$11,293.26
Accumulated depreciation:			\$20,455.02
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$31,748.28	\$0.00
<b>CGE TOTAL</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$3,615,825.82	
Initial liability:	230850 - Asset Retirement Obligatio		\$3,615,825.82
Accretion Expense:	230850 - Asset Retirement Obligatio		\$3,349,581.20
Accumulated depreciation:			\$1,051,745.30
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$4,401,326.50	
<b>PSI Energy, Inc.</b>			
<b>Cayuga Asbestos</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$155,162.02	
Initial liability:	230800 - ARO Liability		\$155,162.02
Accretion Expense:	230800 - ARO Liability		\$243,055.35
Accumulated depreciation:			\$56,167.92
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$299,223.27	\$0.00
<b>Cayuga River Structure</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$10,684.41	
Initial liability:	230800 - ARO Liability		\$10,684.41
Accretion Expense:	230800 - ARO Liability		\$85,165.35
Accumulated depreciation:			\$6,073.20
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$91,238.55	\$0.00
<b>Edwardsport Asbestos</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$650,548.04	
Initial liability:	230800 - ARO Liability		\$650,548.04
Accretion Expense:	230800 - ARO Liability		\$899,001.36
Accumulated depreciation:			\$626,325.16
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$1,525,326.52	\$0.00
<b>Gallagher Asbestos</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$1,228,287.37	
Initial liability:	230800 - ARO Liability		\$1,228,287.37
Accretion Expense:	230800 - ARO Liability		\$1,947,671.14
Accumulated depreciation:			\$604,130.94
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$2,551,802.08	\$0.00
<b>Other River Structure</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$5,644.15	
Initial liability:	230800 - ARO Liability		\$5,644.15
Accretion Expense:	230800 - ARO Liability		\$104,520.81
Accumulated depreciation:			\$4,241.28
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$108,762.09	\$0.00

<b>Gibson 1 SCR Catalyst A 2005</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$248,745.65	
Initial liability:	230800 - ARO Liability		\$248,745.65
Accretion Expense:	230800 - ARO Liability		\$6,792.14
Accumulated depreciation:			\$24,183.60
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$30,975.74	\$0.00
<b>Gibson 1 SCR Catalyst B 2005</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$232,799.66	
Initial liability:	230800 - ARO Liability		\$232,799.66
Accretion Expense:	230800 - ARO Liability		\$6,475.80
Accumulated depreciation:			\$16,975.00
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$23,450.80	\$0.00
<b>Gibson 1-4 Asbestos</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$669,481.94	
Initial liability:	230800 - ARO Liability		\$669,481.94
Accretion Expense:	230800 - ARO Liability		\$1,048,717.52
Accumulated depreciation:			\$195,445.61
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$1,244,163.13	\$0.00
<b>Gibson 1-4 River Structure</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$2,441.43	
Initial liability:	230800 - ARO Liability		\$2,441.43
Accretion Expense:	230800 - ARO Liability		\$13,555.71
Accumulated depreciation:			\$1,101.60
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$14,657.31	\$0.00
<b>Gibson 2 SCR Catalyst A 2002</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$229,427.63	
Initial liability:	230800 - ARO Liability		\$229,427.63
Accretion Expense:	230800 - ARO Liability		\$43,319.89
Accumulated depreciation:			\$114,713.90
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$158,033.79	\$0.00
<b>Gibson 2 SCR Catalyst B 2002</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$213,529.31	
Initial liability:	230800 - ARO Liability		\$213,529.31
Accretion Expense:	230800 - ARO Liability		\$42,008.46
Accumulated depreciation:			\$82,591.63
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$124,600.09	\$0.00
<b>Gibson 2 SCR Catalyst C 2004</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$221,379.13	
Initial liability:	230800 - ARO Liability		\$221,379.13
Accretion Expense:	230800 - ARO Liability		\$17,896.31
Accumulated depreciation:			\$37,241.28
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$55,137.59	\$0.00
<b>Gibson 3 SCR Catalyst A 2002</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$235,752.34	
Initial liability:	230800 - ARO Liability		\$235,752.34
Accretion Expense:	230800 - ARO Liability		\$44,514.09
Accumulated depreciation:			\$138,083.49
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$182,597.58	\$0.00
<b>Gibson 3 SCR Catalyst B 2002</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$221,556.02	
Initial liability:	230800 - ARO Liability		\$221,556.02
Accretion Expense:	230800 - ARO Liability		\$42,709.16
Accumulated depreciation:			\$96,636.18
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$139,345.34	\$0.00
<b>Gibson 3 SCR Catalyst C 2004</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$229,948.28	
Initial liability:	230800 - ARO Liability		\$229,948.28
Accretion Expense:	230800 - ARO Liability		\$18,238.81
Accumulated depreciation:			\$43,569.18
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$61,807.99	\$0.00
<b>Gibson 4 SCR Catalyst A 2003</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$255,153.30	
Initial liability:	230800 - ARO Liability		\$255,153.30
Accretion Expense:	230800 - ARO Liability		\$32,839.57
Accumulated depreciation:			\$160,857.49
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$193,697.06	\$0.00
<b>Gibson 4 SCR Catalyst B 2003</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$241,646.35	
Initial liability:	230800 - ARO Liability		\$241,646.35

Accretion Expense:	230800 - ARO Liability		\$31,101.16
Accumulated depreciation:			\$100,110.61
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$131,211.77	\$0.00
<b>Gibson 4 SCR Catalyst C 2004</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$110,689.26	
Initial liability:	230800 - ARO Liability		\$110,689.26
Accretion Expense:	230800 - ARO Liability		\$8,948.15
Accumulated depreciation:			\$18,620.64
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$27,568.79	\$0.00
<b>Gibson 5 Asbestos</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$82,661.73	
Initial liability:	230800 - ARO Liability		\$82,661.73
Accretion Expense:	230800 - ARO Liability		\$129,486.39
Accumulated depreciation:			\$24,132.73
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$153,619.12	\$0.00
<b>Gibson 5 River Structure</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$305.48	
Initial liability:	230800 - ARO Liability		\$305.48
Accretion Expense:	230800 - ARO Liability		\$1,696.59
Accumulated depreciation:			\$136.80
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$1,833.39	\$0.00
<b>Gibson 5 SCR Catalyst A 2005</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$128,812.96	
Initial liability:	230800 - ARO Liability		\$128,812.96
Accretion Expense:	230800 - ARO Liability		\$3,451.46
Accumulated depreciation:			\$15,028.16
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$18,479.62	\$0.00
<b>Gibson 5 SCR Catalyst B 2005</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$120,916.06	
Initial liability:	230800 - ARO Liability		\$120,916.06
Accretion Expense:	230800 - ARO Liability		\$3,301.68
Accumulated depreciation:			\$10,076.36
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$13,378.04	\$0.00
<b>N ville Asbestos</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$57,426.65	
Initial liability:	230800 - ARO Liability		\$57,426.65
Accretion Expense:	230800 - ARO Liability		\$89,956.70
Accumulated depreciation:			\$18,172.40
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$108,129.10	\$0.00
<b>Wabash River Asbestos</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$410,210.13	
Initial liability:	230800 - ARO Liability		\$410,210.13
Accretion Expense:	230800 - ARO Liability		\$650,462.22
Accumulated depreciation:			\$164,264.74
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$814,726.96	\$0.00
<b>Wabash River River Structure</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$6,533.60	
Initial liability:	230800 - ARO Liability		\$6,533.60
Accretion Expense:	230800 - ARO Liability		\$168,498.22
Accumulated depreciation:			\$4,555.20
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$173,053.42	\$0.00
<b>PSI TOTAL</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$5,969,742.90	
Initial liability:	230800 - ARO Liability		\$5,969,742.90
Accretion Expense:	230800 - ARO Liability		\$5,683,384.04
Accumulated depreciation:			\$2,563,435.10
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$8,246,819.14	

**Welles, Sarah**

**From:** Glenn, Erica  
**Sent:** Sunday, February 12, 2006 12:21 PM  
**To:** Wozny, David  
**Cc:** Ritchie, Brett; Sheppard, Amy; Nispel, Debbie; Vance, Brian; Wilson, Dale; Stevens, George; O'Connor, Mike; Melendez, Brenda; Reynolds, Jaime  
**Subject:** Fin 47 Adoption - Final Memo

**Attachments:** Fin 47 Adoption Memo.doc

David,

Attached is the final memo regarding the adoption of Fin 47, Accounting for Conditional Asset Retirement Obligations.

Thank you,

**Erica Glenn**

Cinergy Corp.  
Accounting Research  
(317) 838-2280



Fin 47 Adoption  
Memo.doc



**Welles, Sarah**

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**From:** Reynolds, Jaime  
**Sent:** Thursday, January 19, 2006 9:07 AM  
**To:** Laub, Peggy; Faris, Brett; Wulker, Denny; Henson, Kelly; Pate, Gwen  
**Cc:** Glenn, Erica; Melendez, Brenda; Storck, Don  
**Subject:** FIN 47 ARO Correction  
**Importance:** High  
**Attachments:** Transition Details.xls

Attached is an updated FIN47 detail file. An error was found in the Beckjord 1-5 Asbestos calculation and a correction was needed. You will see a \$319K increase to CGE's cumulative effect, as well as adjustments to the 101, 108, and 230 accounts. This correction is going in on journal entry FA997 and will be corrected in powerplant in January.  
Please let me know if you have any questions. Thanks.

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**From:** Reynolds, Jaime  
**Sent:** Friday, January 06, 2006 2:20 PM  
**To:** Laub, Peggy; Faris, Brett; Wulker, Denny  
**Cc:** Glenn, Erica; Melendez, Brenda; Storck, Don  
**Subject:**

All

Attached is the December FIN47 information. I have the details broken down by station but if you scroll down you will find the company totals. Please note that CGE's cumulative effect will hit the 435300 account while PSI's will hit the 182303 account. The columns described as "Transition through Nov" show what will be booked by Powerplant to create the new AROs and catch up the historical expenses. The columns described as "December Adjustment" will be booked by Powerplant as a regular monthly entry but will then be manually transferred to the 435300 Cum. Effect account for CGE. This is to show the effect as of 12/31/05. This manual step is not required for PSI since it all regularly hits the 182303.

Please contact me with any questions.

*Jaime Reynolds*  
*Fixed Asset Accounting*  
287-3490

ARO Transition Journal Entry Report

Company / ARO	Account	Transition thru Nov		December Adjustment Depreciation & Accretion calc to be included
		Debits	Credits	
<b>Cincinnati Gas &amp; Electric Co.</b>				
<b>Beckjord 1-5 Asbestos</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	371,656.46		
Initial liability:	230850 - Asset Retirement Obligatio		371,656.46	
Accretion Expense:	230850 - Asset Retirement Obligatio		587,193.16	2,846.84
Accumulated depreciation:			145,778.36	455.35
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	732,971.52	-	3,302.19
<b>Beckjord 1-5 River Structure</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	17,789.96		
Initial liability:	230850 - Asset Retirement Obligatio		17,789.96	
Accretion Expense:	230850 - Asset Retirement Obligatio		476,766.18	2,596.42
Accumulated depreciation:			12,312.96	19.35
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	489,079.14	-	2,615.77
<b>Beckjord 6 Asbestos</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	28,901.40		
Initial liability:	230850 - Asset Retirement Obligatio		28,901.40	
Accretion Expense:	230850 - Asset Retirement Obligatio		45,273.00	389.42
Accumulated depreciation:			11,274.49	62.29
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	56,547.49	-	451.71
<b>Beckjord 6 River Structure</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	1,334.25		
Initial liability:	230850 - Asset Retirement Obligatio		1,334.25	
Accretion Expense:	230850 - Asset Retirement Obligatio		35,757.10	194.73
Accumulated depreciation:			922.20	1.46
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	36,679.30	-	196.19
<b>Conesville Asbestos</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	12,762.62		
Initial liability:	230850 - Asset Retirement Obligatio		12,762.62	
Accretion Expense:	230850 - Asset Retirement Obligatio		19,992.12	171.96
Accumulated depreciation:			4,512.33	24.93
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	24,504.45	-	196.89
<b>East Bend Asbestos</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	42,698.67		
Initial liability:	230850 - Asset Retirement Obligatio		42,698.67	
Accretion Expense:	230850 - Asset Retirement Obligatio		66,885.90	575.32
Accumulated depreciation:			12,711.63	70.23
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	79,597.53	-	645.55
<b>East Bend River Structure</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	17,053.76		
Initial liability:	230850 - Asset Retirement Obligatio		17,053.76	
Accretion Expense:	230850 - Asset Retirement Obligatio		59,590.80	402.38
Accumulated depreciation:			6,868.80	23.85
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	66,459.60	-	426.23
<b>East Bend SCR Catalyst A 2002</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	71,110.28		
Initial liability:	230850 - Asset Retirement Obligatio		71,110.28	
Accretion Expense:	230850 - Asset Retirement Obligatio		13,989.82	382.95
Accumulated depreciation:			27,504.85	670.85
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	41,494.67	-	1,053.80
<b>East Bend SCR Catalyst B 2002</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	66,364.10		
Initial liability:	230850 - Asset Retirement Obligatio		66,364.10	
Accretion Expense:	230850 - Asset Retirement Obligatio		13,320.01	365.22
Accumulated depreciation:			20,930.09	510.49
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	34,250.10	-	875.71
<b>East Bend Asbestos</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	19,656.86		
Initial liability:	230850 - Asset Retirement Obligatio		19,656.86	
Accretion Expense:	230850 - Asset Retirement Obligatio		30,791.67	264.85
Accumulated depreciation:			5,737.70	31.71
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	36,529.37	-	296.56

**Killen River Structure**

Long-lived asset:	101850 - NonReg Plant In Service AR	20,022.46		
Initial liability:	230850 - Asset Retirement Obligatio		20,022.46	
Accretion Expense:	230850 - Asset Retirement Obligatio		64,483.75	443.66
Accumulated depreciation:			7,728.00	28.01
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	72,211.75	-	471.67

**Killen SCR Catalyst A 2004**

Long-lived asset:	101850 - NonReg Plant In Service AR	43,079.11		
Initial liability:	230850 - Asset Retirement Obligatio		43,079.11	
Accretion Expense:	230850 - Asset Retirement Obligatio		3,486.87	201.79
Accumulated depreciation:			17,052.12	897.48
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	20,538.99	-	1,099.27

**Killen SCR Catalyst B 2004**

Long-lived asset:	101850 - NonReg Plant In Service AR	40,558.73		
Initial liability:	230850 - Asset Retirement Obligatio		40,558.73	
Accretion Expense:	230850 - Asset Retirement Obligatio		3,348.37	193.92
Accumulated depreciation:			10,703.08	563.31
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	14,051.45	-	757.23

**Miami Fort 3-5 Asbestos**

Long-lived asset:	101850 - NonReg Plant In Service AR	216,408.49		
Initial liability:	230850 - Asset Retirement Obligatio		216,408.49	-
Accretion Expense:	230850 - Asset Retirement Obligatio		338,995.60	2,915.87
Accumulated depreciation:			68,479.54	378.33
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	407,475.14	-	3,294.20

**Miami Fort 5&6 River Structure**

Long-lived asset:	101850 - NonReg Plant In Service AR	2,043.34		
Initial liability:	230850 - Asset Retirement Obligatio		2,043.34	
Accretion Expense:	230850 - Asset Retirement Obligatio		66,544.33	360.09
Accumulated depreciation:			1,290.24	1.93
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	67,834.57	-	362.02

**Miami Fort 6 Asbestos**

Long-lived asset:	101850 - NonReg Plant In Service AR	176,823.48		
Initial liability:	230850 - Asset Retirement Obligatio		176,823.48	
Accretion Expense:	230850 - Asset Retirement Obligatio		276,987.26	2,382.51
Accumulated depreciation:			55,952.53	309.13
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	332,939.79	-	2,691.64

**Miami Fort 7 SCR Catalyst A 2003**

Long-lived asset:	101850 - NonReg Plant In Service AR	127,465.02		
Initial liability:	230850 - Asset Retirement Obligatio		127,465.02	
Accretion Expense:	230850 - Asset Retirement Obligatio		16,405.42	623.44
Accumulated depreciation:			63,732.43	2,197.68
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	80,137.85	-	2,821.12

**Miami Fort 7 SCR Catalyst B 2003**

Long-lived asset:	101850 - NonReg Plant In Service AR	119,908.44		
Initial liability:	230850 - Asset Retirement Obligatio		119,908.44	
Accretion Expense:	230850 - Asset Retirement Obligatio		15,747.64	599.15
Accumulated depreciation:			42,406.70	1,462.30
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	58,154.34	-	2,061.45

**Miami Fort 7&8 River Structure**

Long-lived asset:	101850 - NonReg Plant In Service AR	6,699.38		
Initial liability:	230850 - Asset Retirement Obligatio		6,699.38	
Accretion Expense:	230850 - Asset Retirement Obligatio		37,197.11	230.46
Accumulated depreciation:			3,211.20	8.92
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	40,408.31	-	239.38

**Miami Fort 8 SCR Catalyst A 2002**

Long-lived asset:	101850 - NonReg Plant In Service AR	117,772.83		
Initial liability:	230850 - Asset Retirement Obligatio		117,772.83	
Accretion Expense:	230850 - Asset Retirement Obligatio		22,237.53	606.71
Accumulated depreciation:			58,886.25	1,436.26
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	81,123.78	-	2,042.97

**Miami Fort 8 SCR Catalyst B 2002**

Long-lived asset:	101850 - NonReg Plant In Service AR	109,611.81		
Initial liability:	230850 - Asset Retirement Obligatio		109,611.81	
Accretion Expense:	230850 - Asset Retirement Obligatio		21,564.35	590.29
Accumulated depreciation:			42,396.87	1,034.08
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	63,961.22	-	1,624.37

<b>Stuart 1 SCR Catalyst A 2004</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	110,711.89		
Initial liability:	230850 - Asset Retirement Obligatio		110,711.89	
Accretion Expense:	230850 - Asset Retirement Obligatio		9,319.05	540.14
Accumulated depreciation:			21,911.75	1,153.25
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	31,230.80	-	1,693.39
<b>Stuart 1 SCR Catalyst B 2004</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	102,392.60		
Initial liability:	230850 - Asset Retirement Obligatio		102,392.60	
Accretion Expense:	230850 - Asset Retirement Obligatio		8,950.81	519.60
Accumulated depreciation:			16,212.13	853.27
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	25,162.94	-	1,372.87
<b>Stuart 2 SCR Catalyst A 2004</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	110,711.89		
Initial liability:	230850 - Asset Retirement Obligatio		110,711.89	
Accretion Expense:	230850 - Asset Retirement Obligatio		9,319.05	540.14
Accumulated depreciation:			21,911.75	1,153.25
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	31,230.80	-	1,693.39
<b>Stuart 2 SCR Catalyst B 2004</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	102,392.60		
Initial liability:	230850 - Asset Retirement Obligatio		102,392.60	
Accretion Expense:	230850 - Asset Retirement Obligatio		8,950.81	519.60
Accumulated depreciation:			16,212.13	853.27
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	25,162.94	-	1,372.87
<b>Stuart 3 SCR Catalyst A 2004</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	106,577.02		
Initial liability:	230850 - Asset Retirement Obligatio		106,577.02	
Accretion Expense:	230850 - Asset Retirement Obligatio		9,143.70	530.39
Accumulated depreciation:			18,749.58	986.83
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	27,893.28	-	1,517.22
<b>Stuart 3 SCR Catalyst B 2004</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	98,177.10		
Initial liability:	230850 - Asset Retirement Obligatio		98,177.10	
Accretion Expense:	230850 - Asset Retirement Obligatio		8,741.79	507.86
Accumulated depreciation:			14,131.63	743.77
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	22,873.42	-	1,251.63
<b>Stuart 4 SCR Catalyst A 2004</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	122,031.52		
Initial liability:	230850 - Asset Retirement Obligatio		122,031.52	
Accretion Expense:	230850 - Asset Retirement Obligatio		9,877.29	571.60
Accumulated depreciation:			38,643.34	2,033.86
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	48,520.63	-	2,605.46
<b>Stuart 4 SCR Catalyst B 2004</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	106,577.02		
Initial liability:	230850 - Asset Retirement Obligatio		106,577.02	
Accretion Expense:	230850 - Asset Retirement Obligatio		9,143.70	530.39
Accumulated depreciation:			18,749.58	986.83
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	27,893.28	-	1,517.22
<b>Stuart 4 SCR Catalyst C 2005</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	102,941.47		
Initial liability:	230850 - Asset Retirement Obligatio		102,941.47	
Accretion Expense:	230850 - Asset Retirement Obligatio		3,977.42	507.86
Accumulated depreciation:			7,594.02	843.78
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	11,571.44	-	1,351.64
<b>Stuart Asbestos</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	426,891.66		
Initial liability:	230850 - Asset Retirement Obligatio		426,891.66	
Accretion Expense:	230850 - Asset Retirement Obligatio		668,709.27	5,751.90
Accumulated depreciation:			147,457.08	814.68
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	816,166.35	-	6,566.58
<b>Stuart River Structure</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	18,679.43		
Initial liability:	230850 - Asset Retirement Obligatio		18,679.43	
Accretion Expense:	230850 - Asset Retirement Obligatio		159,760.13	936.81
Accumulated depreciation:			10,411.20	24.11
Depreciation Adjustments:		-	-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	170,171.33	-	960.92

<b>Zimmer Asbestos</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	298,501.14		
Initial liability:	230850 - Asset Retirement Obligatio		298,501.14	
Accretion Expense:	230850 - Asset Retirement Obligatio		417,176.75	3,757.31
Accumulated depreciation:			70,136.64	417.48
Depreciation Adjustments:			-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	487,313.39	-	4,174.79
<b>Zimmer River Structure</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	22,058.61		
Initial liability:	230850 - Asset Retirement Obligatio		22,058.61	
Accretion Expense:	230850 - Asset Retirement Obligatio		30,828.48	277.66
Accumulated depreciation:			5,182.80	30.85
Depreciation Adjustments:			-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	36,011.28	-	308.51
<b>Zimmer SCR Catalyst A 2004</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	148,956.94		
Initial liability:	230850 - Asset Retirement Obligatio		148,956.94	
Accretion Expense:	230850 - Asset Retirement Obligatio		12,297.27	712.21
Accumulated depreciation:			39,308.15	2,068.84
Depreciation Adjustments:			-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	51,605.42	-	2,781.05
<b>Zimmer SCR Catalyst B 2004</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	139,685.43		
Initial liability:	230850 - Asset Retirement Obligatio		139,685.43	
Accretion Expense:	230850 - Asset Retirement Obligatio		11,757.86	681.49
Accumulated depreciation:			27,646.14	1,455.06
Depreciation Adjustments:			-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	39,404.00	-	2,136.55
<b>Zimmer SCR Catalyst C 2004</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	129,189.56		
Initial liability:	230850 - Asset Retirement Obligatio		129,189.56	
Accretion Expense:	230850 - Asset Retirement Obligatio		11,293.26	655.59
Accumulated depreciation:			20,455.02	1,076.58
Depreciation Adjustments:			-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	31,748.28	-	1,732.17
<b>CGE TOTAL</b>				
Long-lived asset:	101850 - NonReg Plant In Service AR	3,776,197.33		
Initial liability:	230850 - Asset Retirement Obligatio		3,776,197.33	
Accretion Expense:	230850 - Asset Retirement Obligatio		3,605,804.63	34,878.53
Accumulated depreciation:			1,115,105.31	25,683.65
Depreciation Adjustments:			-	
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	4,720,909.94	-	60,562.18
<b>PSI Energy, Inc.</b>				
<b>Cayuga Asbestos</b>				
Long-lived asset:	101800 - Reg Plant In Service ARO	155,162.02		
Initial liability:	230800 - ARO Liability		155,162.02	
Accretion Expense:	230800 - ARO Liability		243,055.35	
Accumulated depreciation:			56,167.92	
Depreciation Adjustments:			-	
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	299,223.27	-	
<b>Cayuga River Structure</b>				
Long-lived asset:	101800 - Reg Plant In Service ARO	10,684.41		
Initial liability:	230800 - ARO Liability		10,684.41	
Accretion Expense:	230800 - ARO Liability		85,165.35	
Accumulated depreciation:			6,073.20	
Depreciation Adjustments:			-	
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	91,238.55	-	
<b>Edwardsport Asbestos</b>				
Long-lived asset:	101800 - Reg Plant In Service ARO	650,548.04		
Initial liability:	230800 - ARO Liability		650,548.04	
Accretion Expense:	230800 - ARO Liability		899,001.36	
Accumulated depreciation:			626,325.16	
Depreciation Adjustments:			-	
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	1,525,326.52	-	
<b>Gallagher Asbestos</b>				
Long-lived asset:	101800 - Reg Plant In Service ARO	1,228,287.37		
Initial liability:	230800 - ARO Liability		1,228,287.37	
Accretion Expense:	230800 - ARO Liability		1,947,671.14	
Accumulated depreciation:			604,130.94	
Depreciation Adjustments:			-	
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	2,551,802.08	-	
<b>Gallagher River Structure</b>				
Long-lived asset:	101800 - Reg Plant In Service ARO	5,644.15		
Initial liability:	230800 - ARO Liability		5,644.15	
Accretion Expense:	230800 - ARO Liability		104,520.81	

	Accumulated depreciation:		4,241.28	
	Depreciation Adjustments:		-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	108,762.09	-
<b>Gibson 1 SCR Catalyst A 2005</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	248,745.65	
	Initial liability:	230800 - ARO Liability		248,745.65
	Accretion Expense:	230800 - ARO Liability		6,792.14
	Accumulated depreciation:			24,183.60
	Depreciation Adjustments:		-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	30,975.74	-
<b>Gibson 1 SCR Catalyst B 2005</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	232,799.66	
	Initial liability:	230800 - ARO Liability		232,799.66
	Accretion Expense:	230800 - ARO Liability		6,475.80
	Accumulated depreciation:			16,975.00
	Depreciation Adjustments:		-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	23,450.80	-
<b>Gibson 1-4 Asbestos</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	669,481.94	
	Initial liability:	230800 - ARO Liability		669,481.94
	Accretion Expense:	230800 - ARO Liability		1,048,717.52
	Accumulated depreciation:			195,445.61
	Depreciation Adjustments:		-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	1,244,163.13	-
<b>Gibson 1-4 River Structure</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	2,441.43	
	Initial liability:	230800 - ARO Liability		2,441.43
	Accretion Expense:	230800 - ARO Liability		13,555.71
	Accumulated depreciation:			1,101.60
	Depreciation Adjustments:		-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	14,657.31	-
<b>Gibson 2 SCR Catalyst A 2002</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	229,427.63	
	Initial liability:	230800 - ARO Liability		229,427.63
	Accretion Expense:	230800 - ARO Liability		43,319.89
	Accumulated depreciation:			114,713.90
	Depreciation Adjustments:		-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	158,033.79	-
<b>Gibson 2 SCR Catalyst B 2002</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	213,529.31	
	Initial liability:	230800 - ARO Liability		213,529.31
	Accretion Expense:	230800 - ARO Liability		42,008.46
	Accumulated depreciation:			82,591.63
	Depreciation Adjustments:		-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	124,600.09	-
<b>Gibson 2 SCR Catalyst C 2004</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	221,379.13	
	Initial liability:	230800 - ARO Liability		221,379.13
	Accretion Expense:	230800 - ARO Liability		17,896.31
	Accumulated depreciation:			37,241.28
	Depreciation Adjustments:		-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	55,137.59	-
<b>Gibson 3 SCR Catalyst A 2002</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	235,752.34	
	Initial liability:	230800 - ARO Liability		235,752.34
	Accretion Expense:	230800 - ARO Liability		44,514.09
	Accumulated depreciation:			138,083.49
	Depreciation Adjustments:		-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	182,597.58	-
<b>Gibson 3 SCR Catalyst B 2002</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	221,556.02	
	Initial liability:	230800 - ARO Liability		221,556.02
	Accretion Expense:	230800 - ARO Liability		42,709.16
	Accumulated depreciation:			96,636.18
	Depreciation Adjustments:		-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	139,345.34	-
<b>Gibson 3 SCR Catalyst C 2004</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	229,948.28	
	Initial liability:	230800 - ARO Liability		229,948.28
	Accretion Expense:	230800 - ARO Liability		18,238.81
	Accumulated depreciation:			43,569.18
	Depreciation Adjustments:		-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	61,807.99	-
<b>Gibson 4 SCR Catalyst A 2003</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	255,153.30	
	Initial liability:	230800 - ARO Liability		255,153.30
	Accretion Expense:	230800 - ARO Liability		32,839.57

Accumulated depreciation:		160,857.49	
Depreciation Adjustments:		-	
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	193,697.06	-
<b>Gibson 4 SCR Catalyst B 2003</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	241,646.35	
Initial liability:	230800 - ARO Liability		241,646.35
Accretion Expense:	230800 - ARO Liability		31,101.16
Accumulated depreciation:			100,110.61
Depreciation Adjustments:		-	
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	131,211.77	-
<b>Gibson 4 SCR Catalyst C 2004</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	110,689.26	
Initial liability:	230800 - ARO Liability		110,689.26
Accretion Expense:	230800 - ARO Liability		8,948.15
Accumulated depreciation:			18,620.64
Depreciation Adjustments:		-	
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	27,568.79	-
<b>Gibson 5 Asbestos</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	82,661.73	
Initial liability:	230800 - ARO Liability		82,661.73
Accretion Expense:	230800 - ARO Liability		129,486.39
Accumulated depreciation:			24,132.73
Depreciation Adjustments:		-	
Cumulative-effect adjustment:	182303 - ARQ Other Regulatory Asset	153,619.12	-
<b>Gibson 5 River Structure</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	305.48	
Initial liability:	230800 - ARO Liability		305.48
Accretion Expense:	230800 - ARO Liability		1,696.59
Accumulated depreciation:			136.80
Depreciation Adjustments:		-	
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	1,833.39	-
<b>Gibson 5 SCR Catalyst A 2005</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	128,812.96	
Initial liability:	230800 - ARO Liability		128,812.96
Accretion Expense:	230800 - ARO Liability		3,451.46
Accumulated depreciation:			15,028.16
Depreciation Adjustments:		-	
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	18,479.62	-
<b>Gibson 5 SCR Catalyst B 2005</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	120,916.06	
Initial liability:	230800 - ARO Liability		120,916.06
Accretion Expense:	230800 - ARO Liability		3,301.68
Accumulated depreciation:			10,076.36
Depreciation Adjustments:		-	
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	13,378.04	-
<b>Noblesville Asbestos</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	57,426.65	
Initial liability:	230800 - ARO Liability		57,426.65
Accretion Expense:	230800 - ARO Liability		89,956.70
Accumulated depreciation:			18,172.40
Depreciation Adjustments:		-	
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	108,129.10	-
<b>Wabash River Asbestos</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	410,210.13	
Initial liability:	230800 - ARO Liability		410,210.13
Accretion Expense:	230800 - ARO Liability		650,462.22
Accumulated depreciation:			164,264.74
Depreciation Adjustments:		-	
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	814,726.96	-
<b>Wabash River River Structure</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	6,533.60	
Initial liability:	230800 - ARO Liability		6,533.60
Accretion Expense:	230800 - ARO Liability		168,498.22
Accumulated depreciation:			4,555.20
Depreciation Adjustments:		-	
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	173,053.42	-
<b>PSI TOTAL</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	5,969,742.90	
Initial liability:	230800 - ARO Liability		5,969,742.90
Accretion Expense:	230800 - ARO Liability		5,683,384.04
Accumulated depreciation:			2,563,435.10
Depreciation Adjustments:		-	
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	8,246,819.14	102,197.35

<u>Company</u>	<u>District Code</u>	<u>Maint District</u>	<u>Sub Code</u>	<u>Substation</u>	<u>Foreign Ownership</u>	<u>Bldg</u>	<u>Asbestos</u>	<u>Comments</u>
CG&E	BRECON	Brecon Area	BECKJORD	Beckjord Sub ID# 18		YES	YES	
CG&E	BRECON	Brecon Area	BLUEASH	Blue Ash Sub ID# 298		no	YES	
CG&E	BRECON	Brecon Area	BROWN	Brown Sub ID# 58		YES	YES	
CG&E	BRECON	Brecon Area	CEDARVLE	Cedarville Sub ID# 29		YES	YES	
CG&E	BRECON	Brecon Area	CLERMNT	Clermont Sub ID# 43		YES	YES	
CG&E	BRECON	Brecon Area	CORNELL	Cornell Sub ID# 204		no	YES	
CG&E	BRECON	Brecon Area	FAIRFAX	Fairfax Sub ID# 283		no	YES	
CG&E	BRECON	Brecon Area	FELDMAN	Feldman Sub ID# 265		YES	YES	
CG&E	BRECON	Brecon Area	HAMLET	Hamlet Sub ID# 71		YES	YES	
CG&E	BRECON	Brecon Area	MADEIRA	Madeira Sub ID# 257		no	YES	
CG&E	BRECON	Brecon Area	MARKLEY	Markley Sub ID# 51		no	YES	
CG&E	BRECON	Brecon Area	MILFORD	Milford Sub ID# 100		YES	YES	
CG&E	BRECON	Brecon Area	MONTGMRY	Montgomery Sub ID# 137		no	YES	
CG&E	BRECON	Brecon Area	NEWTOWN	Newtown Sub ID# 92		no	YES	
CG&E	BRECON	Brecon Area	REMGINGTN	Remington Sub ID# 94		YES	YES	
CG&E	BRECON	Brecon Area	SBETHEL	South Bethel Sub ID# 81		YES	YES	
CG&E	BRECON	Brecon Area	SUMMERSD	Summerside Sub ID# 69		YES	YES	
CG&E	BRECON	Brecon Area	SUTTON	Sutton Sub ID# 126		YES	YES	
CG&E	BRECON	Brecon Area	TOBASCO	Tobasco Sub ID# 63		YES	YES	
CG&E	BRECON	Brecon Area	20MILE	Twenty Mile Sub ID# 176		no	YES	
CG&E	QUEENS	Queensgate District	BRIGHTON	Brighton Sub ID# 21		YES	YES	
CG&E	QUEENS	Queensgate District	CHARLES	Charles Sub ID# 13		YES	YES	Old Charles
CG&E	QUEENS	Queensgate District	CHASE	Chase Sub ID# 226		YES	YES	
CG&E	QUEENS	Queensgate District	CHEVIOT	Cheviot Sub ID# 229		YES	YES	
CG&E	QUEENS	Queensgate District	EBENZR	Ebenezer Sub ID# 68		YES	YES	
CG&E	QUEENS	Queensgate District	FTMITCHL	Fort Mitchell Sub ID# 120		YES	YES	
CG&E	QUEENS	Queensgate District	KENTON	Kenton Sub ID# 9		YES	YES	
CG&E	QUEENS	Queensgate District	LATONIA	Latonia Sub ID# 225		YES	YES	
CG&E	QUEENS	Queensgate District	LINWOOD	Linwood Sub ID# 27		YES	YES	
CG&E	QUEENS	Queensgate District	MDWAY	Midway Sub ID# 96		YES	YES	
CG&E	QUEENS	Queensgate District	MTAUBURN	MT Auburn Sub ID# 224		YES	YES	
CG&E	QUEENS	Queensgate District	PRICE	Price Hill Sub ID# 5		YES	YES	
CG&E	QUEENS	Queensgate District	WALNUT	Walnut Hills Sub ID# 3		YES	YES	
CG&E	QUEENS	Queensgate District	WESTEND	West End Sub ID# 15		YES	YES	
CG&E	QUEENS	Queensgate District	WILDER	Wilder Sub ID# 59		YES	YES	
CG&E	TERMINAL	Hartwell Area	CENTRAL	Central Sub ID# 39		YES	YES	
CG&E	TERMINAL	Hartwell Area	COLLEGE	College Hill Sub ID# 246		YES	YES	
CG&E	TERMINAL	Hartwell Area	ELMWOOD	Elmwood Sub ID# 6		YES	YES	
CG&E	TERMINAL	Hartwell Area	EVANSTON	Evanston Sub ID# 22		YES	YES	
CG&E	TERMINAL	Hartwell Area	EVNDALE	Evendale Sub ID# 46		YES	YES	
CG&E	TERMINAL	Hartwell Area	NORWOOD	Norwood Sub ID# 73		YES	YES	
CG&E	TERMINAL	Hartwell Area	OAKLY	Oakley Sub ID# 8		YES	YES	
CG&E	TOD	Todhunter Area	FOSTER	Foster Sub ID# 54		YES	YES	
CG&E	TOD	Todhunter Area	MAD GEN	Madison Gen Station Sub ID# 50		no	YES	
PSI ENER	BEDFORD	Bedford District	BDFRD345	Bedford 345 KV Sub ID# 166.00		YES	YES	
PSI ENER	COLUMBUS	Columbus Area	COL 345	Columbus 345 Sub ID# 268.00		YES	YES	Floor Tile?
PSI ENER	HUNTINGTON	Huntington District	STATEST	Huntington State St Sub ID# 695.00		YES	YES	
PSI ENER	KOKOMO	Kokomo District	HIGHLAND	Kokomo Highland Park Sub ID# 234.00		YES	YES	
PSI ENER	LAF	Lafayette District	LAF230	Lafayette 230 KV Sub ID# 161.00		YES	YES	Several asbestos panels and some floor tile cover by carpet.
PSI ENER	LAF	Lafayette District	LAFALCOA	Lafayette Alcoa Sub ID# 224.00		YES	YES	Not our building
PSI ENER	LAF	Lafayette District	CINCINNA	Lafayette Cincinnati St Sub ID# 314.00		YES	YES	Some asbestos panels.
PSI ENER	NEWCASTLE	New Castle District	NWCSTLE	New Castle I Ave Sub ID# 241.00		YES	unsure	Northside Building & Oil House on southside ????
PSI ENER	PRNCTN	Princeton District	GIBSN	Gibson Gen Sta Sub ID# 232.00		YES	unsure	
PSI ENER	PRNCTN	Princeton District	OAKLND	Oakland City Sub ID# 242.00		YES	unsure	
PSI ENER	PRNCTN	Princeton District	PRINCETN	Princeton Sub ID# 156.00		YES	unsure	



<u>Company</u>	<u>District Code</u>	<u>Maint District</u>	<u>Sub Code</u>	<u>Substation</u>	<u>Foreign Ownership</u>	<u>Bldg</u>	<u>Asbestos</u>	<u>Comments</u>
PSI ENER	SULLIVAN	Sullivan District	BLOOMFLD	Bloomfield Sub ID# 204.00		YES	unsure	
PSI ENER	SULLIVAN	Sullivan District	SULLIVN	Sullivan Sub ID# 255.00		YES	unsure	
PSI ENER	THAUTE	Terre Haute District	TH 25TH	Terre Haute 25th St Sub ID# 762.00		YES	YES	Relay panel boards
PSI ENER	THAUTE	Terre Haute District	TH UN NO	Terre Haute Ungnd North Alley Sub ID# 1062.01		no	YES	Asbestos is wrapped around the primary cables during the last foot or so as the cable exits the conduits
PSI ENER	THAUTE	Terre Haute District	TH UNGND	Terre Haute Ungnd South Alley Sub ID# 1062.00		no	YES	Asbestos is wrapped around the primary cables during the last foot or so as the cable exits the conduits
PSI ENER	VNCEN	Vincennes District	LOOGOOTE	Loogootee Sub ID# 169.00		YES	unsure	
PSI ENER	VNCEN	Vincennes District	VNCEN138	Vincennes 138 Sub ID# 257.00		YES	unsure	
PSI ENER	VNCEN	Vincennes District	WHITFIEL	Whitfield Sub ID# 628.00		YES	unsure	
PSI ENER	WABASH	Wabash District	WABSH138	Wabash 138 Sub ID# 270.00		YES	unsure	Possibly has asbestos, but not sure?

**Marty Dickey**

**Jerry Miller**

**Carl Hargrave**

**Mike King**

**Maint District**

Bedford District  
Bloomington District  
Martinsville District

**Maint District**

Attica District  
Lafayette District

**Maint District**

Huntington District  
Kokomo District  
Rochester District  
Wabash District

**Maint District**

Clarksville District  
Corydon District  
Madison District

**Asbestos**

YES  
unsure

**Jeff Cummings**

**Maint District**  
Columbus District  
Franklin District  
Seymour District

**Maint District**

**Maint District**

Welles, Sarah

From: Riffe, Larry  
Sent: Wednesday, December 14, 2005 11:32 AM  
To: Sheppard, Amy; Glenn, Erica; Melendez, Brenda; Reynolds, Jaime  
Subject: FW: CIN Updated Levels

Attachments: CIN Spreads 12-14-05.pdf



CIN Spreads  
12-14-05.pdf

FYI

-----Original Message-----

From: Koji.Inoue@barclayscapital.com [mailto:Koji.Inoue@barclayscapital.com]  
Sent: Wednesday, December 14, 2005 10:44 AM  
To: Vogt, Chris; Aumiller, Wendy; Bowen, Ed; Riffe, Larry; Bowman, Donald  
Cc: Jim.Glascott@barclayscapital.com; Michael.Hardgrove@barclayscapital.com;  
Michael.Brennan@barclayscapital.com; Diego.Kuschnir@barclayscapital.com;  
Tony.Liu@barclayscapital.com  
Subject: CIN Updated Levels

Attached please find updated secondary and indicative new issue levels.

<<CIN Spreads 12-14-05.pdf>>

Issuance volume has slowed significantly this week and is expected to be light for the remainder of the year. Thus far, only two deals of note have priced this week, a \$500 million offering of 5-year notes (A1/A+) for Honda Finance and a \$500 million offering of 3-year notes (Baa3/BBB) for Cardinal Health. While both deals were met with fairly good demand, several large investors either did not participate, or bought in far smaller size than usual since they were in the process of closing their books for the year. Once freed to trade, both transaction remained issue bid. Barclays was a bookrunner on both deals.

Yesterday, as expected, the FOMC raised rates by 25bps. The accompanying statement dropped the reference to policy accommodation, but continued to indicate that more rate hikes are likely. Investors interpreted the removal of the "accommodative" phrase as a sign that the Fed may soon end their run of increases. Treasuries rallied 2-3bps across the curve today on the announcement. Today, Treasuries have rallied another 2-4bps after government data showed that the Import Prices in November fell 1.7%, in excess of the 0.5% decrease economists were expecting.

As always, please feel free to call with any questions.

Best,  
Koji Inoue  
Barclays Capital  
Debt Capital Markets  
212.412.5152  
koji.inoue@barcap.com

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For more information about Barclays Capital, please visit our web site at  
<http://www.barcap.com>.

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Attachment AG-DR-02-028  
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## Secondary Trading Levels

								12/14/05	
Issuer	Moody's	S&P	Amt	Cpn	Mty	Spread	Libor		
Cinergy Corp	Baa2	BBB	200	6.500%	12/03	+75	+27		
Duke Capital Corp	Baa3	BBB	200	4.375%	03/09	+75	+22		
Duke Capital Corp	Baa3	BBB	250	5.000%	07/11	+116	+65		
Duke Capital Corp	Baa2	BBB	250	6.750%	02/32	+155	+102		
Constellation Energy Grp	Baa1	BBB	550	4.550%	06/15	+122	+68		
Constellation Energy Grp	Baa1	BBB	700	7.600%	04/32	+170	+117		
Dominion Resources Inc	Baa1	BBB+	500	5.150%	07/15	+118	+64		
Dominion Resources Inc	Baa1	BBB+	500	5.950%	06/35	+160	+106		
Exelon Corporation	Baa2	BBB+	400	4.450%	06/10	+95	+44		
Exelon Corporation	Baa2	BBB	800	4.900%	06/15	+117	+63		
Exelon Corporation	Baa2	BBB	500	5.625%	06/35	+155	+101		
DTE Energy Co	Baa2	BBB	600	7.050%	06/11	+100	+48		
DTE Energy Co	Baa2	BBB-	400	6.375%	04/33	+168	+114		
Progress Energy Inc	Baa2	BBB-	450	6.850%	04/12	+108	+61		
Progress Energy Inc	Baa2	BBB-	650	7.750%	03/31				
American Electric Power	Baa2	BBB	500	5.375%	03/10	+82	+32		
American Electric Power	Baa2	BBB	300	5.250%	06/15	+95	+41		
FirstEnergy Corp	Baa3	BBB-	1500	6.450%	11/11	+86	+34		
FirstEnergy Corp	Baa3	BBB-	1500	7.375%	11/31	+152	+99		

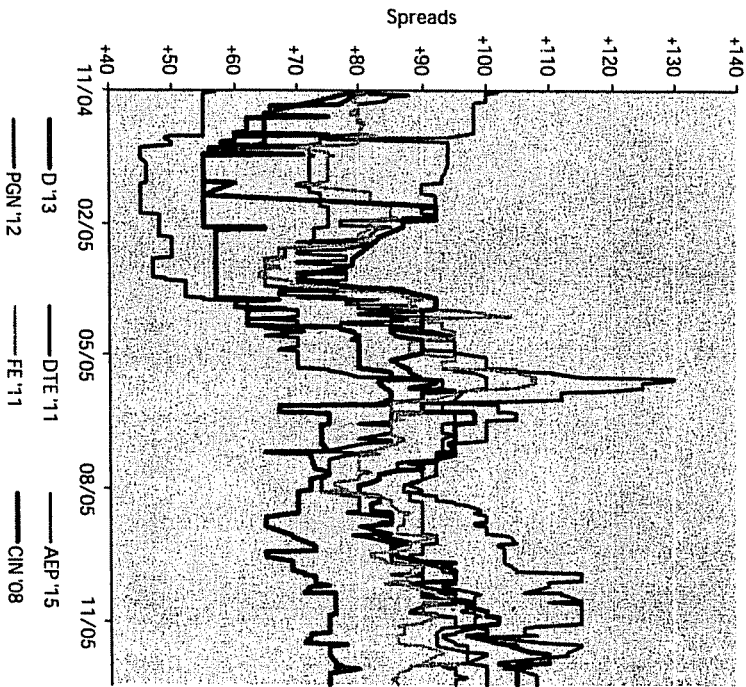
↓ negative outlook ↓ negative watch ↔ outlook forming ↑ positive outlook ↑ positive watch \*secured

								12/14/05	
Issuer	Moody's	S&P	Amt	Cpn	Mty	Spread	Libor		
Michigan Consolidated Gas	A3	BBB	200	5.700%	03/33	+130	+76		
PS Energy Inc	Baa2	BBB	200	6.000%	05/11	+100	+47		
Michigan Gas & Elec	Baa2	BBB+	200	5.700%	03/33	+130	+76		
DTE Energy Co	Baa2	BBB	200	6.750%	02/33	+138	+84		
Duke Energy Corp	A3	BBB	200	4.800%	02/15	+95	+42		
Duke Energy Corp	A3	BBB	200	5.450%	02/35	+130	+76		
Duke Energy Corp	Baa1	BBB	200	6.150%	03/12	+98	+51		
Duke Energy Corp	Baa1	BBB	200	6.150%	03/12	+98	+51		
Duke Energy Corp	Baa1	BBB	200	6.150%	03/12	+98	+51		
Duke Energy Corp	Baa1	BBB	200	6.150%	03/12	+98	+51		
Baltimore Gas & Electric	A2	BBB+	200	5.200%	06/33	+118	+64		
Virginia Electric & Power	A3	BBB+	400	4.750%	03/13	+85	+36		
Consolidated Natural Gas	A3	BBB+	200	5.000%	12/14	+100	+47		
Commonwealth Edison*	A3	A-	600	6.150%	03/12	+98	+51		
Commonwealth Edison*	A3	A-	350	5.875%	02/33	+138	+84		
Detroit Edison Company*	A3	BBB+	200	4.800%	02/15	+95	+42		
Detroit Edison Company*	A3	BBB+	200	5.450%	02/35	+130	+76		
Michigan Consolidated Gas*	A3	BBB	200	5.700%	03/33	+130	+76		
Carolina Power & Light*	A3	BBB	300	5.150%	04/15	+90	+36		
Carolina Power & Light*	A3	BBB	200	5.700%	04/35	+115	+61		
Ohio Power Company	A3	BBB	250	5.500%	02/13	+90	+41		
AEP Texas Central	Baa2	BBB	275	5.500%	02/13	+95	+46		
Columbus Southern Power	A3	BBB	250	6.600%	03/33	+136	+82		
Ohio Edison	Baa2	BBB-	175	4.000%	05/08	+73	+26		
Ohio Edison	Baa2	BBB-	150	5.450%	05/15	+103	+49		

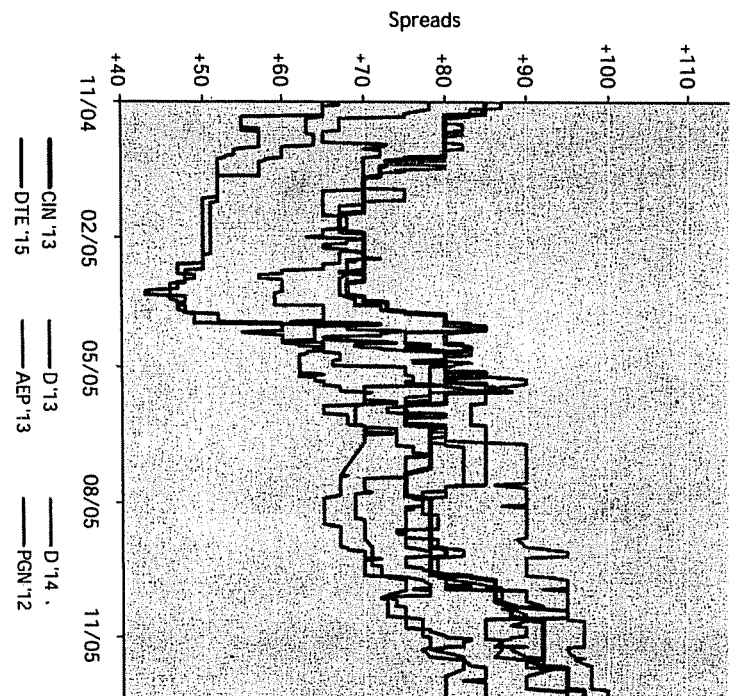


## Recent Trading Activity

Holding Company Trading History



Operating Company Trading History





**Indicative New Issue Pricing – Cinergy Notes (Baa2/BBB↓)**

	2 Years	3 Years	5 Years	7 Years	10 Years	12 Years	15 Years	20 Years	30 Years
<b>Fixed Rate Issuance</b>									
Benchmark	4.25% 11/07	4.375% 11/08	4.375% 12/10	4% 11/12	4.5% 11/15	4.5% 11/15	4.5% 11/15	5.375% 2/31	5.375% 2/31
Benchmark Yield	4.410%	4.420%	4.440%	4.500%	4.530%	4.530%	4.530%	4.730%	4.730%
Reoffer Spread	+75 area	+80 area	+95 area	+105 area	+115 - 120	+140 area	+155 area	+155 area	+165 area
Reoffer Yield	5.16% area	5.22% area	5.39% area	5.55% area	5.68% - 5.73%	5.93% area	6.08% area	6.28% area	6.38% area
Underwriting Commission	0.250%	0.350%	0.600%	0.625%	0.650%	0.675%	0.750%	0.875%	0.875%
All-in Yield	5.29% area	5.35% area	5.53% area	5.66% area	5.77% - 5.82%	6.01% area	6.16% area	6.36% area	6.45% area
<b>Swapped to LIBOR Levels</b>									
Swap Spread	+45	+48	+52	+52	+55	+60	+65	+60	+53
Reoffer versus LIBOR	\$1.30 area	\$1.32 area	\$1.43 area	\$1.53 area	\$1.60 - 65	\$1.80 area	\$1.90 area	\$1.105 area	\$1.112 area
All-in versus LIBOR	\$1.43 area	\$1.45 area	\$1.57 area	\$1.64 area	\$1.69 - 74	\$1.88 area	\$1.98 area	\$1.113 area	\$1.119 area
<b>Floating Rate Issuance</b>									
	2Yr NCL	2Yr NC 6m	3Yr NCL	3Yr NC 6m					
Reoffer vs LIBOR	\$1.30 area	\$1.33 area	\$1.35 area	\$1.40 area					
Underwriting Commission	0.250%	0.250%	0.350%	0.350%					
All-in vs LIBOR	\$1.43 area	\$1.46 area	\$1.48 area	\$1.53 area					

Benchmark and reoffer spreads as of 12/14/2005.







## Indicative New Issue Pricing: CG&E/PSI/ULH&P Notes (Baa1/BBB↓)

Fixed Rate Issuance	2 Years	3 Years	5 Years	7 Years	10 Years	12 Years	15 Years	30 Years
Benchmark	4.25% 11/07	4.375% 11/08	4.375% 12/10	4% 11/12	4.5% 11/15	4.5% 11/15	4.5% 11/15	5.375% 2/31
Benchmark Yield	4.410%	4.420%	4.440%	4.500%	4.530%	4.530%	4.530%	4.730%
Reoffer Spread	+65 - 70	+70 - 75	+85 - 90	+95 - 100	+110 area	+135 area	+150 area	+155 area
Reoffer Yield	5.06% - 5.11%	5.12% - 5.17%	5.29% - 5.34%	5.45% - 5.50%	5.63% area	5.88% area	6.03% area	6.28% area
Underwriting Commission	0.250%	0.350%	0.600%	0.625%	0.650%	0.675%	0.750%	0.875%
All-in Yield	5.19% - 5.24%	5.25% - 5.30%	5.43% - 5.48%	5.56% - 5.61%	5.72% area	5.96% area	6.11% area	6.35% area
<b>Swapped to LIBOR Levels</b>								
Swap Spread	+45	+48	+52	+52	+55	+60	+65	+53
Reoffer versus LIBOR	\$L+20 - 25	\$L+22 - 27	\$L+33 - 38	\$L+43 - 48	\$L+55 area	\$L+75 area	\$L+85 area	\$L+102 area
All-in versus LIBOR	\$L+33 - 38	\$L+35 - 40	\$L+47 - 52	\$L+54 - 59	\$L+64 area	\$L+83 area	\$L+93 area	\$L+109 area
<b>Floating Rate Issuance</b>								
	2yr NCL	2yr NC 6m	3yr NCL	3yr NC 6m				
Reoffer vs LIBOR	\$L + 25 area	\$L + 28 - 30	\$L + 30 area	\$L + 35 area				
Underwriting Commission	0.250%	0.250%	0.350%	0.350%				
All-in vs LIBOR	\$L+ 38 area	\$L+ 41 - 43	\$L + 43 area	\$L + 48 area				

Benchmark and reoffer spreads as of 12/14/2005.



**Welles, Sarah**

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**From:** Reynolds, Jaime  
**Sent:** Monday, November 14, 2005 8:19 AM  
**To:** Glenn, Erica; Sheppard, Amy  
**Cc:** Melendez, Brenda  
**Subject:** FW: Cinergy-Facilities-Asbestos.xls

**Attachments:** Cinergy-Facilities-Asbestos.xls



Cinergy-Facilities-Asbestos.xls

Here is info from Tim Ryan.

-----Original Message-----

**From:** Ryan, Timothy  
**Sent:** Friday, November 11, 2005 1:54 PM  
**To:** Reynolds, Jaime  
**Subject:** Cinergy-Facilities-Asbestos.xls

Jamie, this is what we have to date and this report includes generating stations that we do not manage and the microwave sites that we do manage.

Cinergy-Facilities-Asbestos.xls

ARCHIBUS/FM Data Transfer								
Leased/ Owned	Site Code	Building Name	Building Code	Building Contact	Int. Gross Net Area	State Code	City Code	Asbestos Y/N
Owned	4MH	4th & Main Building	01	Jett,Joe	193867.00	OH	CINCINNATI	YES
Owned	MIC	ABYD	Abydel Radio	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	4MH	Annex Building	02	Jett,Joe	364403.00	OH	CINCINNATI	YES
Leased	4MH	Atrium II	ATR	Gamm,Joyce	160783.00	OH	CINCINNATI	
Owned	SUB	ATT	Attica 230kv	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	INDW	Attica	ATT	Tyler,Darrell	8795.24	IN	ATTICA	YES
Owned	OH-KY	Augustine	AUG	Trammel,Fred	57852.40	KY	COVINGTON	
Owned	INDC	Aurora	AUR	Shelton,Ray	15159.90	IN	AURORA	NO
Owned	INDC	Aurora Garage	ARG	Shelton,Ray	1796.21	IN		NO
Owned	SUB	BAT	Batesville 345kv	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	MICE	BATA	Batavia Hill	Trammel,Fred	0.00	OH		
Owned	OH-KY	Batavia	BAT	Trammel,Fred	10626.40	OH	BATAVIA	
Owned	MIC	BATE	Batesville	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	MIC	BEAN	Beanblossom Radio	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	MICE	BECK	Beckjord Station	Trammel,Fred	0.00	OH		
Owned	OH-KY	Beckjord Gen. Station	BEC		0.00	OH		
Owned	SUB	BED1	Bedford 354kv	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	SUB	BED2	Bedford 138kv	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	MIC	BEDF	Bedford	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	INDC	Bedford	BED	Shelton,Ray	21352.80	IN	BEDFORD	YES
Owned	MICE	BEND	East Bend Station	Trammel,Fred	0.00	OH		
Owned	MIC	BENN	Bennington	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	SUB	BLM1	Bloomington West	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	SUB	BLM2	Bloomington Rodgers St	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	SUB	BLM3	Bloomington 230 North	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	MIC	BLOO	Bloomington Radio	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	INDW	Bloomfield	BLF	Tyler,Darrell	4140.87	IN	BLOOMFIELD	NO
Owned	INDW	Bloomfield Garage	BLG	Tyler,Darrell	864.26	IN		NO
Owned	INDW	Bloomington	BLO	Tyler,Darrell	32629.40	IN	BLOOMINGTON	YES
Owned	MIC	BRAZ	Brazil	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	INDW	Brazil	BZL	Tyler,Darrell	9878.57	IN	BRAZIL	YES
Owned	INDW	Brazil Garage	BZG	Tyler,Darrell	3460.54	IN	BRAZIL	YES
Owned	INDW	Brazil Storage	BZS	Tyler,Darrell	1176.24	IN	BRAZIL	NO
Owned	MICE	BREC	Brecon	Trammel,Fred	0.00	OH		
Owned	OH-KY	Brecon 1 Service Building	BR1	Trammel,Fred	6791.45	OH	CINCINNATI	
Owned	OH-KY	Brecon 2 Store Room	BR2	Trammel,Fred	59106.50	OH	CINCINNATI	
Owned	OH-KY	Brecon 3 Maintenance	BR3	Trammel,Fred	8626.57	OH	CINCINNATI	
Owned	OH-KY	Brecon 4	BR4	Trammel,Fred	8226.45	OH	CINCINNATI	
Owned	OH-KY	Brecon 5	BR5	Trammel,Fred	8226.45	OH	CINCINNATI	
Owned	OH-KY	Brecon 6 Transportation	BR6	Trammel,Fred	3772.98	OH	CINCINNATI	
Owned	OH-KY	Brecon 7 Trans Garage	BR7	Trammel,Fred	21102.60	OH	CINCINNATI	
Owned	OH-KY	Brecon 8	BR8	Trammel,Fred	448.06	OH	CINCINNATI	
Owned	OH-KY	Brecon 9 Pole Building	BR9	Trammel,Fred	4256.47	OH	CINCINNATI	
Owned	MIC	BROO	Brookville Radio	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	MICE	BROO	Brookville	Trammel,Fred	0.00	IN		
Owned	SUB	BUR	Burrows Substation	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	SUB	CAR	Carmel Home Place Sub	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	INDC	Carmel	CAR	Shelton,Ray	18731.50	IN	CARMEL	YES
Owned	INDC	Carmel Out Building	CAO	Shelton,Ray	5701.31	IN	CARMEL	YES
Owned	MIC	CATE	Caterpillar	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	SUB	CAY	Cayuga Control Room	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	MIC	CAYU	Cayuga	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	INDW	Cayuga Gen. Station	CAY		0.00	IN	CAYUGA	
Owned	SUB	CEN	Cenerton Substation	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	MIC	CENT	Centerville Radio	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	MIC	CHAR	Charlottesville	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	MIC	CLAR	Clarksville	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	INDC	Clarksville	CLK	Shelton,Ray	99709.50	IN	CLARKSVILLE	YES
Owned	INDC	Clarksville Garage	CKG	Shelton,Ray	1720.89	IN	CLARKSVILLE	YES
Owned	SUB	CL11	Clinton 230kv	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	SUB	CL12	Clinton Eli Lilly North	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	SUB	CL13	Clinton Eli Lilly South	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	INDW	Clinton	CLN	Tyler,Darrell	17938.20	IN	CLINTON	UNKNOWN
Owned	INDW	Clinton Garage	CLG	Tyler,Darrell	1220.50	IN	CLINTON	UNKNOWN
Leased	4MH	Clopay	CLO	Gamm,Joyce	92368.20	OH	CINCINNATI	
Owned	SUB	CLV	Cloverdale 138kv	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	SUB	COL1	Columbus Denois Creek	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	SUB	COL2	Columbus Clifty Creek	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	SUB	COL3	Columbus Michigan St	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	SUB	COL4	Columbus 345kv	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	MIC	COLD	Columbus Division	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	MIC	COLU	Columbus	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	INDC	Columbus	COL	Shelton,Ray	109584.00	IN	COLUMBUS	YES
Owned	INDC	Columbus Customer Service	CLC	Shelton,Ray	4501.51	IN		YES
Owned	INDC	Columbus IN Garage	COG	Shelton,Ray	1749.86	IN		YES
Owned	SUB	CON	Connersville Peaking Sta	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	SUB	CON1	Connersville 138kv	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	MIC	CONN	Connersville	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	INDC	Connersville	CON	Shelton,Ray	24881.70	IN	CONNERSVILLE	NO
Owned	MIC	CORY	Corydon Radio	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	INDC	Corydon	CRY	Shelton,Ray	7172.80	IN	CORYDON	YES
Owned	SUB	CRA	Crawfordsville 138kv	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	MIC	CRAW	Crawfordsville	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	SUB	CYG	Cayuge Electric Shop	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	OH-KY	Dana Electric	DAE	Trammel,Fred	112911.00	OH	CINCINNATI	
Owned	SUB	DEE	Deedsville 345kv	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	SUB	DEL	Delco Remy (Kokomo)	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	MIC	DELP	Delphi	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	MICE	DICK	Dicks Creek	Trammel,Fred	0.00	OH		
Owned	DIC	Dicks Creek Gas Plant	DIC	Shelton,Ray		OH	MONROE	YES
Owned	MIC	DOVE	Dover Hill	Tyler,Darrell	0.00	IN		UNKNOWN

Leased/ Owned	Site Code	Building Name	Building Code	Building Contact	Int. Gross Net Area	State Code	City Code	Asbestos Y/N
Owned	MIC	DRES	Dresser	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	DRES	Dresser Sub	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	INDW	Dresser Shop	DRE		0.00	IN	TERRE HAUTE	
Owned	MICE	DUNL	Dunlap	Trammel, Fred	0.00	OH		
Owned	OH-KY	East Bend Gen. Station	EAS		0.00	KY	RABBIT HASH	
Owned	OH-KY	Eastern Ave	EAT	Trammel, Fred	0.00	OH	CINCINNATI	
Owned	MIC	ECKE	Eckerty Radio	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	EDW	Edwardsport Control Bldg	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	MIC	EDWA	Edwardsport	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	INDW	Edwardsport	EDW		0.00	IN	EDWARDSPORT	
Owned	MIC	ENGL	English Radio	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	OH-KY	Erlanger	ERL	Trammel, Fred	0.00	KY	ERLANGER	
Owned	MIC	FAIB	Fairbanks	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	FAIR	Fairfield	FFD	Shelton, Ray	12765.50	OH	FAIRFIELD	YES
Owned	MIC	FAIV	Fairview	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	MICE	FALM	Falmouth	Trammel, Fred	0.00	KY		
Owned	MIC	FILL	Fillmore	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	FIS	Fisher South Substation	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	FIV	Five Points Substation	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	MIC	FIVE	Five Points	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	OH-KY	Florence	FLO	Trammel, Fred	150167.00	KY	FLORENCE	
Owned	MICE	FORT	Miami Fort Station	Trammel, Fred	0.00	OH		
Owned	SUB	FRA	Frankfort 230kv	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	MIC	FRAF	Frankfort	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	MIC	FRAL	Franklin	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	INDC	Franklin	FRF	Shelton, Ray	23000.80	IN	FRANKLIN	NO
Owned	INDC	Franklin Garage	FRG	Shelton, Ray	3762.36	IN	FRANKLIN	NO
Owned	SUB	FRLN	Franklin Forsythe St	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	FRNK	Franklin 69kv	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	QUE	Front and Rose	FRO	Jett, Joe	9845.18	OH	CINCINNATI	N
Owned	INDC	Gallagher Gen. Station	GAL		0.00	IN	NEW ALBANY	
Owned	SUB	GBG1	Greensburg 138kv	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	GEI	Geist Substation	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	OH-KY	Georgetown	GEO	Trammel, Fred	1232.48	OH	GEORGETOWN	
Owned	OH-KY	Georgetown Out Building	GOO	Trammel, Fred	532.78	OH	GEORGETOWN	
Owned	MIC	GIBS	Gibson	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	INDW	Gibson Gen. Station	GIB		0.00	IN	OWENSVILLE	
Owned	OH-KY	Glendale	GLN	Trammel, Fred	0.00	OH	CINCINNATI	
Owned	SUB	GNDL	Greendale Substation	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	GRBG	Greensburg Washington	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	MIC	GREB	Greensburg	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	MIC	GREC	Greencastle	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	GREE	Greencastle Madison St	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	INDW	Greencastle	GNC	Tyler, Darrell	19024.90	IN	GREENCASTLE	YES
Owned	INDW	Greencastle Garage	GCG	Tyler, Darrell	2154.51	IN		YES
Owned	INDC	Greensburg	GNB	Shelton, Ray	22391.40	IN	GREENSBURG	YES
Owned	MIC	GRET	Greentown	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	GTN1	Greentown 138kv	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	GTN2	Greentown Control Bldg	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	GTNW	Greentown 765kv	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	GWY	Gwynneville Substation	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	OH-KY	Hamlet	HML	Trammel, Fred	9641.62	OH	HAMLET	
Owned	OH-KY	Hamlet Garage	HMG	Trammel, Fred	200.63	OH	HAMLET	
Owned	OH-KY	Hartwell Recreation Cntr	HRC	Trammel, Fred	0.00	OH	CINCINNATI	
Owned	OH-KY	Hartwell Service Building	HAO	Trammel, Fred	8780.01	OH	CINCINNATI	
Owned	MIC	HENR	Henryville	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	INDC	Henry County Gen. Station	HEN		0.00	IN		
Leased	HOL	Holiday Off Park-Linn St	HOL	Jett, Joe	16784.60	OH	CINCINNATI	NO
Owned	MIC	HOUS	Houston	Tyler, Darrell	0.00	IN		UNKNOWN
Leased	TEX	Houston	HOU		0.00	TX	HOUSTON	
Owned	SUB	HUN1	Huntington Riverfork Sub	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	HUN2	Huntington 138kv	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	MIC	HUNT	Huntington Radio	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	INDC	Huntington Garage	HNG	Shelton, Ray	5288.05	IN	HUNTINGTON	YES
Owned	INDC	Huntington Office Bldg	HUN	Shelton, Ray	17599.80	IN	HUNTINGTON	YES
Owned	INDC	Huntington Store Room	HNS	Shelton, Ray	3859.76	IN	HUNTINGTON	YES
Owned	PLA	Indiana 50's Building	I50	Morrison, Gail	148096.00	IN	PLAINFIELD	Y
Owned	PLA	Indiana 70's Building	I70	Morrison, Gail	69924.20	IN	PLAINFIELD	Y
Owned	PLA	Indiana 80's Building	I80	Morrison, Gail	143076.00	IN	PLAINFIELD	N
Owned	MIC	JASO	Jasonville	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	JEF	Jeffersonville Kentucky	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	KOK1	Kokomo East Substation	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	KOK2	Kokomo Highland Park S	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	KOK3	Kokomo South (Chrysler)	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	MIC	KOKO	Kokomo	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	INDW	Kokomo	KOK	Tyler, Darrell	182359.00	IN	KOKOMO	YES
Owned	INDW	Kokomo Outbldg Storage	KOS	Tyler, Darrell	8504.95	IN	KOKOMO	NO
Owned	SUB	LAF1	Lafayette 230kv	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	LAF2	Lafayette Concord Rd Su	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	LAF3	Lafayette Isuzu Sub	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	LAF4	Lafayette Southeast Sub	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	LAF5	Lafayette Control	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	MIC	LAF6	Lafayette	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	INDW	Lafayette	LAF	Tyler, Darrell	30424.80	IN	LAFAYETTE	YES
Owned	INDW	Lafayette Cust Service	LFC	Tyler, Darrell	9103.62	IN	LAFAYETTE	YES
Owned	INDW	Lafayette Pole Barn	LFP	Tyler, Darrell	4144.13	IN	LAFAYETTE	NO
Owned	MICE	LAWR	Lawrenceburg	Trammel, Fred	0.00	IN		
Owned	OH-KY	Little Miami	LIT	Trammel, Fred	12406.70	OH	MILFORD	
Owned	OH-KY	Little Miami Garage	LIG	Trammel, Fred	281.05	OH	MILFORD	
Owned	MIC	LOGA	Logansport Radio	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	INDW	Loogootee	LOO	Tyler, Darrell	4097.30	IN	LOGOOTE	NO
Owned	MIC	LYFO	Lyford	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	MAD	Madison 138kv	Tyler, Darrell	0.00	IN		UNKNOWN

Leased/ Owned	Site Code	Building Name	Building Code	Building Contact	Int. Gross Net Area	State Code	City Code	Asbestos Y/N
Owned	MIC	MADI	Madison	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	INDC	Madison	MAD	Shelton, Ray	15394.80	IN	MADISON	YES
Owned	INDC	Madison Customer Service	MDC	Shelton, Ray	2503.17	IN	MADISON	
Owned	INDC	Madison Garage	MDG	Shelton, Ray	2805.53	IN	MADISON	YES
Owned	MICE	MANC	Manchester	Trammel, Fred	0.00	OH		
Owned	SUB	MARK	Markland Dam	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	MIC	MART	Martinsville Radio	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	MART	Martinsville 138kv	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	INDW	Martinsville	MAR	Tyler, Darrell	9318.82	IN	MARTINSVILLE	YES
Owned	OH-KY	Miami Fort Gen. Station	MIA		0.00	OH	NORTH BEND	
Owned	OH-KY	Miami Town	MIT		0.00	OH	MIAMI TOWN	
Owned	SUB	MID	Middle Fork 69kv	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	MIT	Mitchell Lost River Sub	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	INDC	Mitchell	MCH		1754.18	IN	MITCHELL	
Owned	SUB	MOH	Mohawk 138kv	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	OH-KY	Monfort Heights	MON	Trammel, Fred	35373.10	OH	CINCINNATI	
Owned	INDC	New Castle	NEW	Shelton, Ray	22578.20	IN	NEW CASTLE	YES
Owned	INDC	New Castle Garage	NWG	Shelton, Ray	2710.54	IN	NEW CASTLE	YES
Owned	SUB	NEWA	New Albany 138kv	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	MIC	NEWC	New Castle	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	NEWP	New Palenstine Substation	Tyler, Darrell	0.00	IN		UNKNOWN
Leased	OH-KY	Newport Office	NEWPORT	Trammel, Fred	2937.59	KY	NEWPORT	
Owned	MIC	NMAN	North Manchester Radio	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	NOB1	Noblesville Northeast Sub	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	MIC	NOBL	Noblesville	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	NOBL	Noblesville East Sub	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	INDC	Noblesville	NOB	Shelton, Ray	23166.50	IN	NOBLESVILLE	YES
Owned	INDC	Noblesville Garage	NBG	Shelton, Ray	0.00	IN	NOBLESVILLE	YES
Owned	INDC	Noblesville Gen. Station	NOG		0.00	IN	NOBLESVILLE	
Owned	INDC	Noblesville Pole Barn	NBP	Shelton, Ray	0.00	IN	NOBLESVILLE	YES
Owned	SUB	NTHM	North Manchester 69kv	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	NTHV	north Vernon 138kv	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	NUCR	Nucor Substation	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	MIC	NVER	North Vernon Radio	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	NWC1	New Castle I Ave Sub	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	NWC2	New Castle Northeast 13	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	OAK	Oakland City 138kv	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	MIC	OAKL	Oakland City Radio	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	INDW	Oakland City	OKD	Tyler, Darrell	4139.72	IN	OAKLAND	YES
Owned	OH-KY	Oakley	OAK	Trammel, Fred	5884.89	OH	CINCINNATI	
Owned	OH-KY	Oakley Storage	OAS	Trammel, Fred	7133.40	OH	CINCINNATI	
Leased	OKL	Oklahoma City	OKL		0.00	OK	OKLAHOMA	
Owned	MIC	PETE	Petersburg Radio	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	PFIZ	Pfizer Substation	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	PITT	Pittsboro Substation	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	MIC	PLA	Plainfield	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	PLA	Plainfield DayCare Barn	IDM	Morrison, Gail	266.78	IN	PLAINFIELD	N
Owned	PLA	Plainfield Central Garage	IGA	Morrison, Gail	51625.10	IN	PLAINFIELD	Y
Owned	PLA	Plainfield DayCare	IDA	Morrison, Gail	18150.00	IN	PLAINFIELD	N
Owned	PLA	Plainfield Electric Shop	IEL	Morrison, Gail	74126.80	IN	PLAINFIELD	Y
Owned	PLA	Plainfield HVAC Building	IHV	Morrison, Gail	2284.69	IN	PLAINFIELD	N
Owned	PLA	Plainfield Oil House	IOH	Morrison, Gail	4371.23	IN	PLAINFIELD	Y
Owned	PLA	Plainfield PCB Building	IPC	Morrison, Gail	1171.36	IN	PLAINFIELD	N
Owned	PLA	Plainfield Stores Bldg	IST	Morrison, Gail	81286.30	IN	PLAINFIELD	Y
Owned	PLA	Plainfield Tunnel	ITN	Morrison, Gail	10021.30	IN	PLAINFIELD	Y
Owned	INDW	Plainfield/Danville	PLD	Tyler, Darrell	20347.90	IN	DANVILLE	YES
Owned	PLA	Plainfld Fac/Environmnt	IFE	Morrison, Gail	5384.03	IN	PLAINFIELD	N
Owned	PLA	Plainfld Helicopter Bldg	IHE	Morrison, Gail	14281.70	IN	PLAINFIELD	N
Owned	MIC	PLAN	Plainfield North	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	PLFE	Plainfield East Sub	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	PLA	Pfild Security Station	ISS	Morrison, Gail	111.85	IN	PLAINFIELD	N
Owned	PLA	Pfild Training PoleBarn	ITP	Morrison, Gail	4472.01	IN	PLAINFIELD	N
Owned	INDW	Pfild/Danville East Gar	PEG	Tyler, Darrell	3240.39	IN		NO
Owned	INDW	Pfild/Danville West Gar	PWG	Tyler, Darrell	3198.54	IN		NO
Owned	SUB	PLFS	Plainfield South 138kv	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	INDW	Princeton	PRN	Tyler, Darrell	17163.00	IN	PRINCETON	NO
Owned	INDW	Princeton Garage	PRG	Tyler, Darrell	3115.58	IN		NO
Owned	SUB	QUAL	Qualitech Steel Sub	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	QUE	Queensgate	QUE	Jett, Joe	161000.00	OH	CINCINNATI	Y
Owned	QUE	Queensgate Garage	QGG	Jett, Joe	6401.00	OH	CINCINNATI	Y
Owned	MICE	RIPL	Ripley	Trammel, Fred	0.00	OH		
Owned	SUB	ROAC	Roachdale 69kv	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	MIC	ROCH	Rochester Radio	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	INDW	Rochester	ROC	Tyler, Darrell	8201.21	IN	ROCHESTER	YES
Owned	INDW	Rochester Large Garage	RLG	Tyler, Darrell	3584.11	IN	ROCHESTER	UNKNOWN
Owned	INDW	Rochester Small Garage	RSG	Tyler, Darrell	1666.04	IN	ROCHESTER	UNKNOWN
Owned	MIC	RUSH	Rushville Radio	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	INDC	Rushville	RUS	Shelton, Ray	7055.37	IN	RUSHVILLE	YES
Owned	MIC	SALE	Salem Radio	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	INDC	Salem	SAL	Shelton, Ray	3407.64	IN	SALEM	YES
Owned	SUB	SAND	Sandcut Substation	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	SCOT	Scottsburg 69kv	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	MIC	SEYM	Seymour	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	SEYM	Seymour 138kv	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	INDC	Seymour	SEY	Shelton, Ray	17779.70	IN	SEYMOUR	YES
Owned	INDC	Seymour Garage	SYG	Shelton, Ray	5737.33	IN	SEYMOUR	YES
Owned	SUB	SHB1	Shelbyville 138kv	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	SUB	SHB2	Shelbyville North	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	MIC	SHEL	Shelbyville Radio	Tyler, Darrell	0.00	IN		UNKNOWN
Owned	INDC	Shelbyville	SHL	Shelton, Ray	17156.70	IN	SHELBYVILLE	NO
Owned	INDC	Shelbyville Garage	SHG	Shelton, Ray	2292.69	IN	SHELBYVILLE	NO
Owned	SUB	SHOA	Shoals 138kv	Tyler, Darrell	0.00	IN		UNKNOWN
Leased	LOU	Shreveport	SHR		0.00	LA	SHREVEPORT	

Leased/ Owned	Site Code	Building Name	Building Code	Building Contact	Int. Gross Net Area	State Code	City Code	Asbestos Y/N
Owned	SUB	SPEE	Speeds 138kv	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	MIC	SPEN	Spencer	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	SUB	SPEN	Spencer 230kv	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	SUB	STAU	Staunton 230kv	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	MIC	SULL	Sullivan	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	SUB	SULL	Sullivan 69kv	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	INDW	Sullivan	SUL	Tyler,Darrell	17169.40	IN	SULLIVAN	YES
Owned	INDW	Sullivan Garage	SUG	Tyler,Darrell	2380.25	IN	SULLIVAN	YES
Owned	INDW	Sullivan Telecom EQ Bldg	SUT	Tyler,Darrell	576.00	IN	SULLIVAN	
Owned	MICE	TAY1	Taylor Mill #1	Trammel,Fred	0.00	KY		
Owned	MICE	TAY2	Taylor Mill #2	Trammel,Fred	0.00	KY		
Owned	SUB	TER1	Terre Haute 13th St	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	SUB	TER2	Terre Haute Water St	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	MIC	TERR	Terre Haute	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	INDW	Terre Haute	TER	Tyler,Darrell	148346.00	IN	TERRE HAUTE	YES
Owned	INDW	Terre Haute Cust Service	THC	Tyler,Darrell	6718.72	IN	TERRE HAUTE	NO
Owned	INDW	Terre Haute Garage	THG	Tyler,Darrell	3355.69	IN	TERRE HAUTE	YES
Leased	TEX	Texas City	TEX		0.00	TX		
Owned	SUB	THOR	Thomtown 230kv	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	TOD	Todhunter	TOD	Shelton,Ray	23618.50	OH	MONROE	YES
Owned	TOD	Todhunter Extension	TDE	Shelton,Ray	1929.11	OH	MONROE	YES
Owned	TOD	Todhunter Garage	TDG	Shelton,Ray	4224.81	OH	MONROE	YES
Owned	ILL	Tuscola Plant	TUS		0.00	IL	TUSCOLA	
Owned	OH-KY	Valley View	VAL	Trammel,Fred	6189.03	OH	CINCINNATI	
Owned	SUB	VEED	Veedersburg West	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	MICE	VERO	Verona	Trammel,Fred	0.00	KY		
Owned	MIC	VINC	Vincennes	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	SUB	VINC	Vincennes 138kv	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	INDW	Vincennes	VIN	Tyler,Darrell	25065.80	IN	VINCENNES	NO
Owned	INDW	Vincennes Garage	VNG	Tyler,Darrell	3228.28	IN		NO
Owned	SUB	WAB1	Wabash River Gen St	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	SUB	WAB2	Wabash 138kv	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	SUB	WAB3	Wabash Peaking Sta	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	MIC	WABA	Wabash	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	INDC	Wabash	WAB	Shelton,Ray	24327.00	IN	WABASH	YES
Owned	INDC	Wabash Large Garage	WLG	Shelton,Ray	2333.78	IN	WABASH	YES
Owned	INDC	Wabash River Gen. Station	WAR		0.00	IN	WEST TERRE HAUTE	
Owned	INDC	Wabash Small Garage	WSG	Shelton,Ray	1552.03	IN	WABASH	YES
Owned	MIC	WABR	Wabash River	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	SUB	WALE	Walesboro Sub	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	SUB	WALT	Walton Substation	Tyler,Darrell	0.00	IN		UNKNOWN
Leased	WDC	Washington DC	WDC		0.00			
Owned	MIC	WESF	Westfield	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	SUB	WEST	Westwood 345kv	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	MIC	WESW	Westwood	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	MIC	WHIT	Whitestown	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	SUB	WHIT	Whitesville South Sub	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	MICE	WIL1	Wildier #1	Trammel,Fred	0.00	KY		
Owned	MICE	WIL2	Wildier #2	Trammel,Fred	0.00	KY		
Owned	MIC	WILM	Wilmington Radio	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	SUB	WILM	Wilmington Sub	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	MICE	WOOD	Woodsdale	Trammel,Fred	0.00	OH		
Owned	OH-KY	Woodsdale	WOO		0.00	OH	TRENTON	
Owned	MIC	WORT	Worthington	Tyler,Darrell	0.00	IN		UNKNOWN
Owned	MICE	ZIMM	Zimmer Station	Trammel,Fred	0.00	OH		
Owned	OH-KY	Zimmer Gen. Station	ZIM		0.00	OH	MOSCOW	
Owned	MICE	ZMHL	Zimmer Hill	Trammel,Fred	0.00	OH		

\* Does not indicate the amount of asbestos in the facility.

Comments

Building built in 1992  
Building built in 1992









Sargent & Lundy LLC Chicago		CINERGY ASBESTOS REMOVAL STUDY		Estimate No.: 21948A Project No.: 9940-007 Date: 9DEC05 Revision No.: 0 Revision Date: Run Date:	
-CONFIDENTIAL-					
STATION	UNIT	Total Projected Cost Labor and Materials PER UNIT	CINERGY INDIRECTS @ 10%	Contingency @ 25%	TOTAL
<b>WC BECKJORD</b>					
WC BECKJORD	1	\$ 366,499	\$ 36,650	\$ 100,787.14	\$ 503,936
WC BECKJORD	2	\$ 396,273	\$ 39,627	\$ 108,975	\$ 544,876
WC BECKJORD	3	\$ 349,246	\$ 34,925	\$ 96,043	\$ 480,213
WC BECKJORD	4	\$ 900,598	\$ 90,060	\$ 247,664	\$ 1,238,322
WC BECKJORD	5	\$ 347,247	\$ 34,725	\$ 95,493	\$ 477,465
WC BECKJORD	6	\$ 489,365	\$ 48,936	\$ 134,575	\$ 672,877
<b>WC BECKJORD TOTAL</b>		<b>\$ 2,849,228</b>	<b>\$ 284,923</b>	<b>\$ 783,538</b>	<b>\$ 3,917,688</b>
<b>CAYUGA</b>					
CAYUGA	1	\$ 552,326	\$ 55,233	\$ 151,890	\$ 759,449
CAYUGA	2	\$ 552,326	\$ 55,233	\$ 151,890	\$ 759,449
<b>CAYUGA TOTAL</b>		<b>\$ 1,104,652</b>	<b>\$ 110,465</b>	<b>\$ 303,779</b>	<b>\$ 1,518,897</b>
<b>EDWARDSPORT</b>					
EDWARDSPORT	6	\$ 626,902	\$ 62,690	\$ 172,398	\$ 861,990
EDWARDSPORT	7 & 8	\$ 617,158	\$ 61,716	\$ 169,718	\$ 848,592
EDWARDSPORT	ALL	\$ 294,604	\$ 29,460	\$ 81,016	\$ 405,080
<b>EDWARDSPORT TOTAL</b>		<b>\$ 1,538,663</b>	<b>\$ 153,866</b>	<b>\$ 423,132</b>	<b>\$ 2,115,661</b>
<b>RA GALLAGHER</b>					
RA GALLAGHER	1	\$ 1,397,914	\$ 139,791	\$ 384,426	\$ 1,922,131
RA GALLAGHER	2	\$ 1,397,914	\$ 139,791	\$ 384,426	\$ 1,922,131
RA GALLAGHER	3	\$ 1,397,914	\$ 139,791	\$ 384,426	\$ 1,922,131
RA GALLAGHER	4	\$ 1,397,914	\$ 139,791	\$ 384,426	\$ 1,922,131
RA GALLAGHER	ALL	\$ 262,980	\$ 26,298	\$ 72,320	\$ 361,598
<b>RA GALLAGHER TOTAL</b>		<b>\$ 5,854,634</b>	<b>\$ 585,463</b>	<b>\$ 1,610,024</b>	<b>\$ 8,050,122</b>
<b>GIBSON</b>					
GIBSON	1	\$ 1,176,269	\$ 117,627	\$ 323,474	\$ 1,617,370
GIBSON	2	\$ 1,176,269	\$ 117,627	\$ 323,474	\$ 1,617,370
GIBSON	3	\$ 1,145,582	\$ 114,558	\$ 315,035	\$ 1,575,175
GIBSON	4	\$ 1,145,582	\$ 114,558	\$ 315,035	\$ 1,575,175
GIBSON	5	\$ 1,145,582	\$ 114,558	\$ 315,035	\$ 1,575,175
GIBSON	ALL	\$ 2,912,154	\$ 291,215	\$ 800,842	\$ 4,004,212
<b>GIBSON TOTAL</b>		<b>\$ 8,701,436</b>	<b>\$ 870,144</b>	<b>\$ 2,392,895</b>	<b>\$ 11,964,475</b>
<b>MIAMI FORT</b>					
MIAMI FORT	3	\$ 280,021	\$ 28,002	\$ 77,006	\$ 385,029
MIAMI FORT	4	\$ 280,021	\$ 28,002	\$ 77,006	\$ 385,029
MIAMI FORT	5	\$ 1,376,850	\$ 137,685	\$ 378,634	\$ 1,893,169
MIAMI FORT	6	\$ 1,582,600	\$ 158,260	\$ 435,215	\$ 2,176,075
<b>MIAMI FORT TOTAL</b>		<b>\$ 3,519,492</b>	<b>\$ 351,949</b>	<b>\$ 967,860</b>	<b>\$ 4,839,302</b>
<b>NOBLESVILLE</b>					
NOBLESVILLE Unit 1&2	ALL	\$ 513,978	\$ 51,398	\$ 141,344	\$ 706,720
<b>NOBLESVILLE TOTAL</b>		<b>\$ 513,978</b>	<b>\$ 51,398</b>	<b>\$ 141,344</b>	<b>\$ 706,720</b>
<b>WABASH RIVER</b>					
WABASH RIVER	1	\$ 394,384	\$ 39,438	\$ 108,456	\$ 542,278

Sargent & Lundy <sup>LLC</sup> Chicago		CINERGY ASBESTOS REMOVAL STUDY		Estimate No.: 21948A Project No.: 9940-007 Date: 9DEC05 Revision No.: 0 Revision Date: Run Date:	
-CONFIDENTIAL-					
<u>STATION</u>	<u>UNIT</u>	<u>Total Projected Cost Labor and Materials PER UNIT</u>	<u>CINERGY INDIRECTS @ 10%</u>	<u>Contingency @ 25%</u>	<u>TOTAL</u>
WABASH RIVER	2	\$ 426,424	\$ 42,642	\$ 117,267	\$ 586,333
WABASH RIVER	3	\$ 509,241	\$ 50,924	\$ 140,041	\$ 700,206
WABASH RIVER	4	\$ 426,424	\$ 42,642	\$ 117,267	\$ 586,333
WABASH RIVER	5	\$ 349,246	\$ 34,925	\$ 96,043	\$ 480,213
WABASH RIVER	6	\$ 456,842	\$ 45,684	\$ 125,631	\$ 628,157
<b>WABASH RIVER TOTAL</b>		<b>\$ 2,562,561</b>	<b>\$ 256,256</b>	<b>\$ 704,704</b>	<b>\$ 3,523,521</b>
<b>ZIMMER</b>					
ZIMMER	ALL	\$ 3,665,304	\$ 366,530	\$ 1,007,959	\$ 5,039,793
<b>ZIMMER TOTAL</b>		<b>\$ 3,665,304</b>	<b>\$ 366,530</b>	<b>\$ 1,007,959</b>	<b>\$ 5,039,793</b>
<b>TOTAL</b>		<b>\$ 30,309,949</b>	<b>\$ 3,030,995</b>	<b>\$ 8,335,236</b>	<b>\$ 41,676,180</b>

Sargent & Lundy LLC Chicago		CINERGY ASBESTOS STUDY					Project No.: 9940-007 Date: 9DEC05 Revision No.: 1 Revision Date: Run Date:						
-CONFIDENTIAL-													
STATION	UNIT	DESCRIPTION	Quantity	Unit of Measure	Unit Cost	Total Equipment or Material Cost	Unit Man-hours (Base)	Total Man-hours (Base)	Crew Code	Crew Wage Rate	Total Construction & Erection Cost	Total Projected Cost	
<b>WC BECKJORD</b>													
WC BECKJORD	1	PIPE	1,303	LF	0.00	\$ -	0.45	587	ASBT	100	58,654	\$ 58,654	
WC BECKJORD	1	TOTAL EQUIP AND BOILER CASING	9,329	SF	0.00	\$ -	0.33	3,078	ASBT	100	307,844	\$ 307,844	
WC BECKJORD	2	PIPE	1,965	LF	0.00	\$ -	0.45	884	ASBT	100	88,429	\$ 88,429	
WC BECKJORD	2	TOTAL EQUIP AND BOILER CASING	9,329	SF	0.00	\$ -	0.33	3,078	ASBT	100	307,844	\$ 307,844	
WC BECKJORD	3	PIPE	2,035	LF	0.00	\$ -	0.45	916	ASBT	100	91,582	\$ 91,582	
WC BECKJORD	3	TOTAL EQUIP AND BOILER CASING	7,808	SF	0.00	\$ -	0.33	2,577	ASBT	100	257,664	\$ 257,664	
WC BECKJORD	4	PIPE	5,493	LF	0.00	\$ -	0.45	2,472	ASBT	100	247,198	\$ 247,198	
WC BECKJORD	4	TOTAL EQUIP AND BOILER CASING	19,800	SF	0.00	\$ -	0.33	6,534	ASBT	100	653,400	\$ 653,400	
WC BECKJORD	5	PIPE	939	LF	0.00	\$ -	0.45	422	ASBT	100	42,233	\$ 42,233	
WC BECKJORD	5	TOTAL EQUIP AND BOILER CASING	9,243	SF	0.00	\$ -	0.33	3,050	ASBT	100	305,015	\$ 305,015	
WC BECKJORD	6	PIPE	1,323	LF	0.00	\$ -	0.45	595	ASBT	100	59,517	\$ 59,517	
WC BECKJORD	6	TOTAL EQUIP AND BOILER CASING	13,026	SF	0.00	\$ -	0.33	4,298	ASBT	100	429,848	\$ 429,848	
<b>WC BECKJORD TOTAL</b>											<b>28,492</b>	<b>2,849,228</b>	<b>\$ 2,849,228</b>
<b>CINERGY INDIRECT</b>													<b>\$ 284,923</b>
<b>CONTINGENCY</b>													<b>\$ 783,538</b>
<b>WC BECKJORD TOTAL</b>													<b>\$ 3,917,688</b>
<b>CAYUGA</b>													
CAYUGA	1	PIPE	1,493	LF	0.00	\$ -	0.45	672	ASBT	100	67,174	\$ 67,174	
CAYUGA	1	TOTAL EQUIP AND BOILER CASING	14,702	SF	0.00	\$ -	0.33	4,852	ASBT	100	485,152	\$ 485,152	
CAYUGA	2	PIPE	1,493	LF	0.00	\$ -	0.45	672	ASBT	100	67,174	\$ 67,174	
CAYUGA	2	TOTAL EQUIP AND BOILER CASING	14,702	SF	0.00	\$ -	0.33	4,852	ASBT	100	485,152	\$ 485,152	
<b>CAYUGA TOTAL</b>											<b>11,047</b>	<b>1,104,652</b>	<b>\$ 1,104,652</b>
<b>CINERGY INDIRECT</b>													<b>\$ 110,465</b>
<b>CONTINGENCY</b>													<b>\$ 303,779</b>
<b>CAYUGA TOTAL</b>													<b>\$ 1,518,897</b>
<b>EDWARDSPORT</b>													
EDWARDSPORT	6	PIPE	3,150	LF	0.00	\$ -	0.45	1,418	ASBT	100	141,750	\$ 141,750	
EDWARDSPORT	6	TOTAL EQUIP AND BOILER CASING	14,702	SF	0.00	\$ -	0.33	4,852	ASBT	100	485,152	\$ 485,152	
EDWARDSPORT	7 & 8	PIPE	4,726	LF	0.00	\$ -	0.45	2,127	ASBT	100	212,670	\$ 212,670	

Sargent & Lundy LLC Chicago		CINERGY ASBESTOS STUDY								Project No.: 9940-007 Date: 9DEC05 Revision No.: 1 Revision Date: Run Date:		
-CONFIDENTIAL-												
STATION	UNIT	DESCRIPTION	Quantity	Unit of Measure	Unit Cost	Total Equipment or Material Cost	Unit Man-hours (Base)	Total Man-hours (Base)	Crew Code	Crew Wage Rate	Total Construction & Erection Cost	Total Projected Cost
EDWARDSPORT	7 & 8	TOTAL EQUIP AND BOILER CASING	12,257	SF	0.00	\$ -	0.33	4,045	ASBT	100	404,488	\$ 404,488
EDWARDSPORT	ALL	TRANSITE SIDING	17,105	SF	0.00	\$ -	0.07	1,146	ASBT	100	114,604	\$ 114,604
EDWARDSPORT	ALL	FLOOR TILE	7,500	SF	0.00	\$ -	0.08	600	ASBT	100	60,000	\$ 60,000
EDWARDSPORT	ALL	CEILING TILE	7,500	SF	0.00	\$ -	0.16	1,200	ASBT	100	120,000	\$ 120,000
<b>EDWARDSPORT TOTAL</b>								<b>15,387</b>			<b>1,538,663</b>	<b>\$ 1,538,663</b>
<b>CINERGY INDIRECT</b>		<b>10% OF DIRECT COST</b>										<b>\$ 153,866</b>
<b>CONTINGENCY</b>		<b>25% OF LABOR AND INDIRECTS</b>										<b>\$ 423,132</b>
<b>EDWARDSPORT TOTAL</b>												<b>\$ 2,115,661</b>
<b>RA GALLAGHER</b>												
RA GALLAGHER	1	PIPE	3,503	LF	0.00	\$ -	0.45	1,576	ASBT	100	157,635	\$ 157,635
RA GALLAGHER	1	TOTAL EQUIP AND BOILER CASING	37,584	SF	0.00	\$ -	0.33	12,403	ASBT	100	1,240,279	\$ 1,240,279
RA GALLAGHER	2	PIPE	3,503	LF	0.00	\$ -	0.45	1,576	ASBT	100	157,635	\$ 157,635
RA GALLAGHER	2	TOTAL EQUIP AND BOILER CASING	37,584	SF	0.00	\$ -	0.33	12,403	ASBT	100	1,240,279	\$ 1,240,279
RA GALLAGHER	3	PIPE	3,503	LF	0.00	\$ -	0.45	1,576	ASBT	100	157,635	\$ 157,635
RA GALLAGHER	3	TOTAL EQUIP AND BOILER CASING	37,584	SF	0.00	\$ -	0.33	12,403	ASBT	100	1,240,279	\$ 1,240,279
RA GALLAGHER	4	PIPE	3,503	LF	0.00	\$ -	0.45	1,576	ASBT	100	157,635	\$ 157,635
RA GALLAGHER	4	TOTAL EQUIP AND BOILER CASING	37,584	SF	0.00	\$ -	0.33	12,403	ASBT	100	1,240,279	\$ 1,240,279
RA GALLAGHER	ALL	FLOOR TILE	10,800	SF	0.00	\$ -	0.08	902	ASBT	100	90,180	\$ 90,180
RA GALLAGHER	ALL	CEILING TILE	10,800	SF	0.00	\$ -	0.16	1,728	ASBT	100	172,800	\$ 172,800
<b>RA GALLAGHER TOTAL</b>								<b>58,546</b>			<b>5,854,634</b>	<b>\$ 5,854,634</b>
<b>CINERGY INDIRECT</b>		<b>10% OF DIRECT COST</b>										<b>\$ 585,463</b>
<b>CONTINGENCY</b>		<b>25% OF LABOR AND INDIRECTS</b>										<b>\$ 1,610,024</b>
<b>RA GALLAGHER TOTAL</b>												<b>\$ 8,050,122</b>
<b>GIBSON</b>												
GIBSON	1	TRANSITE SIDING	175,563	SF	0.00	\$ -	0.07	11,763	ASBT	100	1,176,269	\$ 1,176,269
GIBSON	2	TRANSITE SIDING	175,563	SF	0.00	\$ -	0.07	11,763	ASBT	100	1,176,269	\$ 1,176,269
GIBSON	3	TRANSITE SIDING	170,982	SF	0.00	\$ -	0.07	11,456	ASBT	100	1,145,582	\$ 1,145,582
GIBSON	4	TRANSITE SIDING	170,982	SF	0.00	\$ -	0.07	11,456	ASBT	100	1,145,582	\$ 1,145,582
GIBSON	5	TRANSITE SIDING	170,982	SF	0.00	\$ -	0.07	11,456	ASBT	100	1,145,582	\$ 1,145,582
GIBSON	ALL	TRANSITE SIDING	351,980	SF	0.00	\$ -	0.07	23,583	ASBT	100	2,358,266	\$ 2,358,266

Sargent & Lundy LLC Chicago		CINERGY ASBESTOS STUDY						Project No.: 9940-007 Date: 9DEC05 Revision No.: 1 Revision Date: Run Date:				
-CONFIDENTIAL-												
STATION	UNIT	DESCRIPTION	Quantity	Unit of Measure	Unit Cost	Total Equipment or Material Cost	Unit Man-hours (Base)	Total Man-hours (Base)	Crew Code	Crew Wage Rate	Total Construction & Erection Cost	Total Projected Cost
GIBSON	ALL	FLOOR TILE	69,236	SF	0.00	\$ -	0.08	5,539	ASBT	100	553,888	\$ 553,888
<b>GIBSON TOTAL</b>								<b>87,014</b>			<b>8,701,436</b>	<b>\$ 8,701,436</b>
<b>CINERGY INDIRECT</b>		<b>10% OF DIRECT COST</b>										<b>\$ 870,144</b>
<b>CONTINGENCY</b>		<b>25% OF LABOR AND INDIRECTS</b>										<b>\$ 2,392,895</b>
<b>GIBSON TOTAL</b>												<b>\$ 11,964,475</b>
<b>MIAMI FORT</b>												
MIAMI FORT	3	PIPE	3,417	LF	0.00	\$ -	0.45	1,538	ASBT	100	153,765	\$ 153,765
MIAMI FORT	3	TOTAL EQUIP AND BOILER CASING	3,696	SF	0.00	\$ -	0.33	1,220	ASBT	100	121,968	\$ 121,968
MIAMI FORT	3	TRANSITE SIDING	640	SF	0.00	\$ -	0.07	43	ASBT	100	4,288	\$ 4,288
MIAMI FORT	4	PIPE	3,417	LF	0.00	\$ -	0.45	1,538	ASBT	100	153,765	\$ 153,765
MIAMI FORT	4	TOTAL EQUIP AND BOILER CASING	3,696	SF	0.00	\$ -	0.33	1,220	ASBT	100	121,968	\$ 121,968
MIAMI FORT	4	TRANSITE SIDING	640	SF	0.00	\$ -	0.07	43	ASBT	100	4,288	\$ 4,288
MIAMI FORT	5	PIPE	5,553	LF	0.00	\$ -	0.45	2,499	ASBT	100	249,885	\$ 249,885
MIAMI FORT	5	TOTAL EQUIP AND BOILER CASING	33,115	SF	0.00	\$ -	0.33	10,928	ASBT	100	1,092,795	\$ 1,092,795
MIAMI FORT	5	TRANSITE SIDING	5,100	SF	0.00	\$ -	0.07	342	ASBT	100	34,170	\$ 34,170
MIAMI FORT	6	PIPE	13,800	LF	0.00	\$ -	0.45	6,210	ASBT	100	621,000	\$ 621,000
MIAMI FORT	6	TOTAL EQUIP AND BOILER CASING	19,800	SF	0.00	\$ -	0.33	6,534	ASBT	100	653,400	\$ 653,400
MIAMI FORT	6	TRANSITE SIDING	46,000	SF	0.00	\$ -	0.07	3,082	ASBT	100	308,200	\$ 308,200
<b>MIAMI FORT TOTAL</b>								<b>35,195</b>			<b>3,519,492</b>	<b>\$ 3,519,492</b>
<b>CINERGY INDIRECT</b>		<b>10% OF DIRECT COST</b>										<b>\$ 351,949</b>
<b>CONTINGENCY</b>		<b>25% OF LABOR AND INDIRECTS</b>										<b>\$ 967,860</b>
<b>MIAMI FORT TOTAL</b>												<b>\$ 4,839,302</b>
<b>NOBLESVILLE</b>												
NOBLESVILLE Unit 1&2	ALL	PIPE	5,682	LF	0.00	\$ -	0.45	2,557	ASBT	100	255,690	\$ 255,690
NOBLESVILLE Unit 1&2	ALL	TOTAL EQUIP AND BOILER CASING	6,506	SF	0.00	\$ -	0.33	2,147	ASBT	100	214,698	\$ 214,698
NOBLESVILLE Unit 1&2	ALL	TRANSITE SIDING	6,506	SF	0.00	\$ -	0.07	436	ASBT	100	43,590	\$ 43,590
<b>NOBLESVILLE TOTAL</b>								<b>5,140</b>			<b>513,978</b>	<b>\$ 513,978</b>
<b>CINERGY INDIRECT</b>		<b>10% OF DIRECT COST</b>										<b>\$ 51,398</b>
<b>CONTINGENCY</b>		<b>25% OF LABOR AND INDIRECTS</b>										<b>\$ 141,344</b>

Sargent & Lundy LLC Chicago		CINERGY ASBESTOS STUDY				Project No.: 9940-007 Date: 9DEC05 Revision No.: 1 Revision Date: Run Date:						
-CONFIDENTIAL-												
STATION	UNIT	DESCRIPTION	Quantity	Unit of Measure	Unit Cost	Total Equipment or Material Cost	Unit Man-hours (Base)	Total Man-hours (Base)	Crew Code	Crew Wage Rate	Total Construction & Erection Cost	Total Projected Cost
<b>NOBLESVILLE TOTAL</b>												\$ 706,720
<b>WABASH RIVER</b>												
WABASH RIVER	1	PIPE	1,403	LF	0.00	\$ -	0.45	631	ASBT	100	63,117	\$ 63,117
WABASH RIVER	1	TOTAL EQUIP AND BOILER CASING	10,038	SF	0.00	\$ -	0.33	3,313	ASBT	100	331,267	\$ 331,267
WABASH RIVER	2	PIPE	2,115	LF	0.00	\$ -	0.45	952	ASBT	100	95,157	\$ 95,157
WABASH RIVER	2	TOTAL EQUIP AND BOILER CASING	10,038	SF	0.00	\$ -	0.33	3,313	ASBT	100	331,267	\$ 331,267
WABASH RIVER	3	PIPE	2,115	LF	0.00	\$ -	0.45	952	ASBT	100	95,157	\$ 95,157
WABASH RIVER	3	TOTAL EQUIP AND BOILER CASING	12,548	SF	0.00	\$ -	0.33	4,141	ASBT	100	414,084	\$ 414,084
WABASH RIVER	4	PIPE	2,115	LF	0.00	\$ -	0.45	952	ASBT	100	95,157	\$ 95,157
WABASH RIVER	4	TOTAL EQUIP AND BOILER CASING	10,038	SF	0.00	\$ -	0.33	3,313	ASBT	100	331,267	\$ 331,267
WABASH RIVER	5	PIPE	2,035	LF	0.00	\$ -	0.45	916	ASBT	100	91,582	\$ 91,582
WABASH RIVER	5	TOTAL EQUIP AND BOILER CASING	7,808	SF	0.00	\$ -	0.33	2,577	ASBT	100	257,664	\$ 257,664
WABASH RIVER	6	PIPE	1,235	LF	0.00	\$ -	0.45	556	ASBT	100	55,562	\$ 55,562
WABASH RIVER	6	TOTAL EQUIP AND BOILER CASING	12,160	SF	0.00	\$ -	0.33	4,013	ASBT	100	401,280	\$ 401,280
<b>WABASH RIVER TOTAL</b>												\$ 2,562,561
<b>CINERGY INDIRECT</b>												\$ 256,256
<b>CONTINGENCY</b>												\$ 704,704
<b>WABASH RIVER TOTAL</b>												\$ 3,523,521
<b>ZIMMER</b>												
ZIMMER	ALL	COOLING TOWER FILL	8,604	TN	0.00	\$ -	4.26	36,653	ASBT	100	3,665,304	\$ 3,665,304
<b>ZIMMER TOTAL</b>												\$ 3,665,304
<b>CINERGY INDIRECT</b>												\$ 366,530
<b>CONTINGENCY</b>												\$ 1,007,959
<b>ZIMMER TOTAL</b>												\$ 5,039,793
<b>PLANT TOTAL</b>												\$ 30,309,949
<b>CINERGY INDIRECT</b>												\$ 3,030,995
<b>CONTINGENCY</b>												\$ 8,335,236
<b>TOTAL</b>												\$ 41,676,180



**Welles, Sarah**

**From:** Glenn, Erica  
**Sent:** Thursday, January 26, 2006 2:07 PM  
**To:** Melendez, Brenda  
**Cc:** Ritchie, Brett  
**Subject:** FW: Fin 47 - Gas Mains

**Importance:** High

**Attachments:** DRAFT Gas Main ARO data 2005 - cpd mthly.xls; RE:

Brenda,

Per Gary's attached email the per foot rate has increased by 3 cents. I went ahead and updated the file. Please see the attached.

Thank you,  
Erica



DRAFT Gas Main  
ARO data 2005 -...



RE:

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**From:** Glenn, Erica  
**Sent:** Thursday, January 26, 2006 12:36 PM  
**To:** Melendez, Brenda  
**Cc:** Ritchie, Brett  
**Subject:** Fin 47 - Gas Mains  
**Importance:** High

Brenda,

Here is the updated file as discussed as well as some COR information. Please call me when you have a chance to discuss.

Thanks,

**Erica Glenn**  
Cinergy Corp.  
Accounting Research  
(317) 838-2280

Fin 47 Gas Mains  
 December 31, 2005 Adoption Entries

<b>Total CG&amp;E (and Cinergy) Consolidated</b>			
<u>CG&amp;E Consolidated Mains 12/31/05 Adoption entry:</u>			
dr. ARC	8,083,902		
dr. COR	26,952,404		
dr. Cum effect	68,585		
cr. ARC Accum dep		3,125,144	
cr. ARO		31,979,747	

**CG&E Standalone**

CG&E Bare Steel and Cast Iron 12/31/05 Adoption entry:

dr. ARC	1,173,599		
dr. COR	7,632,664		
cr. ARC Accum dep		1,044,399	
cr. ARO		7,761,864	

CG&E Coated Steel 12/31/05 Adoption entry:

dr. ARC	2,007,400		
dr. COR	11,272,921		
cr. ARC Accum dep		971,366	
cr. ARO		12,308,955	

CG&E Plastic 12/31/05 Adoption entry:

dr. ARC	3,124,214		
dr. COR	2,850,144		
cr. ARC Accum dep		444,902	
cr. ARO		5,529,456	

<b>Total CG&amp;E Standalone</b>			
<u>CG&amp;E Mains 12/31/05 Adoption Entry:</u>			
dr. ARC	6,305,213		
dr. COR	21,755,729		
cr. ARC Accum dep		2,460,667	
cr. ARO		25,600,275	

**ULH&P**

ULH&P Bare Steel and Cast Iron 12/31/05 Adoption entry:

dr. ARC	180,463		
dr. COR	1,128,299		
cr. ARC Accum dep		169,113	
cr. ARO		1,139,649	

ULH&P Coated Steel 12/31/05 Adoption entry:

dr. ARC	657,230		
dr. COR	3,297,557		
cr. ARC Accum dep		345,251	
cr. ARO		3,609,536	

ULH&P Plastic 12/31/05 Adoption entry:

dr. ARC	908,305		
dr. COR	770,819		
cr. ARC Accum dep		122,533	
cr. ARO		1,556,591	

<b>Total ULH&amp;P</b>			
<u>CG&amp;E Mains 12/31/05 Adoption Entry:</u>			
dr. ARC	1,745,998		
dr. COR	5,196,675		
cr. ARC Accum dep		636,896	
cr. ARO		6,305,777	

**KO Transmission**

KO 12/31/05 River Project Adoption entry:

dr. ARC	32,691		
dr. Cum effect	68,585		
cr. ARC Accum dep		27,580	
cr. ARO		73,695	

Fin 47 December 31, 2005 Adoption  
 KO Transmission River Project

Main type:	In-service for river portion:	Cnergy's Purchase date	DOT regulations effective date:	ARO vintage	Age at 12/31/2005:	Expected Settlement Date:	Inflation rate:	Discount rate:	Obligation 2005 \$:	Inflation factor	Inflated to Settlement	\$ Discounted to	\$ Discounted to	Accretion	Depreciat ion	\$ Discounted to	\$ Discounted to	\$ Discounted to	\$ Discounted to	\$ Discounted to		
												12/31/2005	6/1/1990	Cum Catch	Cum Catch	9/30/2005	6/30/2005	3/31/2005	12/31/2004	12/31/2003	12/31/2002	
KO																						
Coated steel	1948	6/1/1990	8/19/1970	6/1/1990	57	6/30/2007	2.50%	5.33%	\$ 20,000	1.0377	\$ 20,755	19,205	8,551	10,654	7,802	18,955	18,709	18,468	18,234	17,309	16,434	
Coated steel	1948	6/1/1990	8/19/1970	6/1/1990	57	6/30/2008	2.50%	5.33%	20,000	1.0637	\$ 21,274	18,687	8,320	10,367	7,171	18,444	18,204	17,970	17,742	16,842	15,991	
Coated steel	1948	6/1/1990	8/19/1970	6/1/1990	57	6/30/2009	2.50%	5.33%	20,000	1.0903	\$ 21,805	18,185	8,097	10,089	6,613	17,949	17,716	17,488	17,266	16,391	15,562	
Coated steel	1948	6/1/1990	8/19/1970	6/1/1990	57	6/30/2010	2.50%	5.43%	20,000	1.1175	\$ 22,351	17,618	7,723	9,895	5,994	17,385	17,155	16,930	16,711	15,848	15,032	
										\$ 80,000												
													73,695	32,691	41,005	27,580	72,733	71,784	70,857	69,952	66,390	63,018

KO 12/31/05 River Project Adoption entry:  
 dr. ARC 32,691  
 dr. ??? 68,585  
 cr. ARC Accum dep 27,580  
 cr. ARO 73,695

Per Gary Hebbeler, Gas Engineering Manager, a half mile section of the KO transmission pipe at river crossing will be replaced during 2006. The section is a manifold system that has four sections. Rocks from a river dredging are interfering with the ability of the rectifier to function for this section of the pipe. The old pipe will remain in place when the new pipe is put in service in 2006. The retirement of the four sections of old pipe in compliance with DOT regulations is expected to take place in 2007-2010.

Gas Mains Summary Data  
 CGE and ULHP

Main type:	Miles:	Average in DOT regulations		ARO vintage	Average age at 12/31/2005:	Life per Spanos' study:	Remaining life:	Expected		Obligation 2005 \$s
		total	service:					Settlement Date:	Inflation rate:	
CG&E										
Bare steel (1)	142	3%	1924	8/19/1970	8/19/1970 N/A	N/A	N/A	2006-2015	2.50% N/A	1,749,021
Cast Iron (1)	587	11%	1927	8/19/1970	8/19/1970 N/A	N/A	N/A	2006-2015	2.50% N/A	7,222,702
Coated steel	2,697	49%	1974	8/19/1970	dependent on in-service date	31	60	6/30/2034	2.50%	33,175,475
Plastic	2,077	38%	1997	8/19/1970	dependent on in-service date	8	50	6/30/2047	2.50%	25,546,017
	<u>5,502</u>									<u>67,693,215</u>
ULH&P										
Bare steel (2)	19	1%	1927	8/19/1970	8/19/1970 N/A	N/A	N/A	2006-2010	2.50% N/A	233,387
Cast Iron (2)	80	6%	1930	8/19/1970	8/19/1970 N/A	N/A	N/A	2006-2010	2.50% N/A	986,410
Coated steel	660	49%	1976	8/19/1970	dependent on in-service date	29	53	6/30/2029	2.50%	8,121,574
Plastic	598	44%	1997	8/19/1970	dependent on in-service date	8	50	6/30/2047	2.50%	7,352,007
	<u>1,357</u>									<u>16,693,378</u>
<b>Total</b>	<u><u>6,859</u></u>									<u><u>84,386,593</u></u>

(1) Will be removed over next 10 years with AMRP program.  
 (2) Will be removed over next 5 years with AMRP program.

	Pro-Forma Gas Main ARO Liability					
	9/30/2005	6/30/2005	3/31/2005	12/31/2004	12/31/2003	12/31/2002
<b>KOT</b>						
River project	72,733	71,784	70,857	69,952	66,390	63,018
<b>ULH&amp;P</b>						
AMRP items	1,124,788	1,110,121	1,095,801	1,081,820	1,026,779	974,678
Coated Steel	3,554,644	3,500,590	3,447,934	3,396,640	3,195,812	3,007,401
Plastic	1,532,092	1,507,977	1,484,499	1,461,638	1,372,239	1,288,532
<b>Total ULH&amp;P</b>	<b>6,211,523</b>	<b>6,118,688</b>	<b>6,028,234</b>	<b>5,940,097</b>	<b>5,594,831</b>	<b>5,270,610</b>
<b>CG&amp;E Standalone</b>						
AMRP items	7,658,039	7,555,604	7,455,631	7,358,060	6,974,263	6,611,471
Coated Steel	12,116,702	11,927,455	11,743,177	11,563,729	10,861,827	10,204,334
Plastic	5,442,439	5,356,792	5,273,402	5,192,205	4,874,684	4,577,370
<b>Total CG&amp;E Standalone</b>	<b>25,217,179</b>	<b>24,839,850</b>	<b>24,472,210</b>	<b>24,113,994</b>	<b>22,710,773</b>	<b>21,393,174</b>
<b>Total CG&amp;E Consolidated</b>	<b>31,501,436</b>	<b>31,030,322</b>	<b>30,571,302</b>	<b>30,124,044</b>	<b>28,371,994</b>	<b>26,726,803</b>

Fin 47 Bare Steel and Cast Iron  
 Gas Mains (AMRP items)  
 December 31, 2005 Adoption

Main type:	Vintage (DOT regulations effective date):	Expected Settlement Date:	Inflation rate:	Discount rate:	Footage:	Obligation 2005 \$s	Inflation factor	Inflated to Settlement	\$ Discounted to		Accretion Cum Catch	ARC Depreciation Cum Catch	\$ Discounted to						
									12/31/2005	8/19/1970			9/30/2005	6/30/2005	3/31/2005	12/31/2004	12/31/2003	12/31/2002	
<b>CG&amp;E</b>																			
Bare mains and cast irc	8/19/1970	6/30/2006	2.50%	5.33%	385,053	\$ 897,172	1.0124	\$ 908,318	885,244	141,100	744,145	139,150	873,742	862,389	851,305	840,482	797,870	757,527	
Bare mains and cast irc	8/19/1970	6/30/2007	2.50%	5.33%	385,053	\$ 897,172	1.0377	\$ 931,026	861,494	137,314	724,180	131,746	850,301	839,252	828,465	817,933	776,465	737,203	
Bare mains and cast irc	8/19/1970	6/30/2008	2.50%	5.33%	385,053	\$ 897,172	1.0637	\$ 954,301	838,263	133,611	704,651	124,800	827,371	816,620	806,124	795,876	755,526	717,323	
Bare mains and cast irc	8/19/1970	6/30/2009	2.50%	5.33%	385,053	\$ 897,172	1.0903	\$ 978,159	815,773	130,027	685,747	118,329	805,174	794,712	784,497	774,524	735,256	698,078	
Bare mains and cast irc	8/19/1970	6/30/2010	2.50%	5.43%	385,053	\$ 897,172	1.1175	\$ 1,002,613	790,339	121,611	668,728	107,896	779,874	769,548	759,468	749,629	710,914	674,295	
Bare mains and cast irc	8/19/1970	6/30/2011	2.50%	5.54%	385,053	\$ 897,172	1.1455	\$ 1,027,678	764,175	113,514	650,661	98,250	753,868	743,699	733,776	724,092	686,010	650,027	
Bare mains and cast irc	8/19/1970	6/30/2012	2.50%	5.54%	385,053	\$ 897,172	1.1741	\$ 1,053,370	742,085	110,233	631,852	93,126	732,075	722,200	712,564	703,160	666,179	631,236	
Bare mains and cast irc	8/19/1970	6/30/2013	2.50%	5.64%	385,053	\$ 897,172	1.2035	\$ 1,079,704	715,377	102,587	612,790	84,646	705,551	695,859	686,404	677,179	640,924	606,701	
Bare mains and cast irc	8/19/1970	6/30/2014	2.50%	5.75%	385,053	\$ 897,172	1.2335	\$ 1,106,697	688,259	95,282	592,978	76,827	678,635	669,145	659,889	650,861	615,401	581,961	
Bare mains and cast irc	8/19/1970	6/30/2015	2.50%	5.85%	385,053	\$ 897,172	1.2644	\$ 1,134,364	660,853	88,321	572,532	69,628	651,449	642,178	633,138	624,322	589,719	557,120	
						\$ 8,971,723			\$ 7,761,864	\$ 1,173,599	\$ 6,588,265	\$ 1,044,399	\$ 7,658,039	\$ 7,555,604	\$ 7,455,631	\$ 7,358,060	\$ 6,974,263	\$ 6,611,471	
<b>CG&amp;E Bare Main and Cast Iron 12/31/05 Adoption entry:</b>																			
dr. ARC		1,173,599																	
dr. COR		7,632,664																	
cr. ARC Accum dep				1,044,399															
cr. ARO				7,761,864															
<b>ULH&amp;P</b>																			
Bare mains and cast irc	8/19/1970	6/30/2006	2.50%	5.33%	104,704	\$ 243,959	1.0124	\$ 246,990	240,716	38,368	202,348	37,838	237,588	234,501	231,487	228,544	216,957	205,987	
Bare mains and cast irc	8/19/1970	6/30/2007	2.50%	5.33%	104,704	\$ 243,959	1.0377	\$ 253,165	234,258	37,339	196,919	35,824	231,214	228,210	225,277	222,413	211,137	200,461	
Bare mains and cast irc	8/19/1970	6/30/2008	2.50%	5.33%	104,704	\$ 243,959	1.0637	\$ 259,494	227,941	36,332	191,609	33,936	224,979	222,056	219,202	216,415	205,443	195,055	
Bare mains and cast irc	8/19/1970	6/30/2009	2.50%	5.33%	104,704	\$ 243,959	1.0903	\$ 265,981	221,825	35,357	186,468	32,176	218,943	216,098	213,321	210,609	199,931	189,822	
Bare mains and cast irc	8/19/1970	6/30/2010	2.50%	5.43%	104,704	\$ 243,959	1.1175	\$ 272,631	214,909	33,069	181,841	29,339	212,064	209,256	206,515	203,839	193,312	183,354	
						\$ 1,219,797			\$ 1,139,649	\$ 180,463	\$ 959,186	\$ 169,113	\$ 1,124,788	\$ 1,110,121	\$ 1,095,801	\$ 1,081,820	\$ 1,026,779	\$ 974,678	
<b>ULH&amp;P Bare Steel and Cast Iron 12/31/05 Adoption entry:</b>																			
dr. ARC		180,463																	
dr. COR		1,128,299																	
cr. ARC Accum dep				169,113															
cr. ARO				1,139,649															



CGE Coated Steel  
 Fin 47 ARO Calculation

2001 Total	89,197	2001	4.5	6/30/2001	6/30/2061	6/30/2001	\$ 207,829	3.9371	\$ 818,242	6.49%	24,969	18,811	6,158	1,412	24,577	24,191	23,815	23,449	22,017	20,676
2002 Total	122,447	2002	3.5	6/30/2002	6/30/2062	6/30/2002	\$ 285,301	4.0355	\$ 1,151,333	6.49%	32,994	26,469	6,525	1,546	32,476	31,966	31,469	30,985	29,093	27,321
2003 Total	183,814	2003	2.5	6/30/2003	6/30/2063	6/30/2003	\$ 428,285	4.1364	\$ 1,771,559	6.49%	47,677	40,728	6,948	1,700	46,927	46,190	45,472	44,773	42,039	39,479
2004 Total	95,627	2004	1.5	6/30/2004	6/30/2064	6/30/2004	\$ 222,812	4.2398	\$ 944,679	6.49%	23,871	21,718	2,153	544	23,496	23,127	22,767	22,417	21,048	19,766
2005 Total	21,818	2005	0.5	6/30/2005	6/30/2065	6/30/2005	\$ 50,835	4.3458	\$ 220,918	6.49%	5,242	5,079	163	43	5,160	5,079	5,000	4,923	4,622	4,341
Grand Total	14,238,401						\$33,175,475				\$12,308,955	\$2,007,400	#####	\$971,366	#####	#####	\$11,743,177	\$ 11,563,729	\$10,861,827	#####

miles: 2,697  
 Years Old 31  
 Current Year 2005  
 Avg Year 1974

CG&E Coated Steel 12/31/05 Adoption entry:  
 dr. ARC \$2,007,400  
 dr. COR #####  
 cr. ARC Accum dep \$ 971,366  
 cr. ARO #####



DOT Regs Dr: 8/19/1970

Age	Foorage	Expected retirement (years)	Years Old	Age	Rate	Factor	Inflated to	Discount rate	Discounted	Accretion	ARC Depreciate	Discounted	Discounted	Discounted	Discounted	Discounted	Discounted	Discounted
1986 Total	4,511	1986	38.5	6/30/1966	6/30/2016	8/19/1970	\$ 10,511	5.96%	7,418	957	6,461	738	7,310	7,205	7,101	7,001	6,901	6,806
1988 Total	72,726	1988	36.5	6/30/1969	6/30/2019	8/19/1970	\$ 169,452	6.38%	102,598	11,498	91,100	8,323	101,011	99,449	97,927	96,445	94,947	93,447
1970 Total	72,674	1970	36.5	6/30/1970	6/30/2020	8/19/1970	\$ 169,330	6.49%	97,554	10,533	86,821	7,471	94,319	92,853	91,387	89,919	88,447	86,970
1971 Total	182,194	1971	34.5	6/30/1971	6/30/2021	6/30/1971	\$ 424,512	6.59%	231,337	25,531	205,805	17,619	227,645	224,011	220,475	216,939	213,403	209,867
1972 Total	179,038	1972	33.5	6/30/1972	6/30/2022	6/30/1972	\$ 417,611	6.59%	218,606	25,721	192,885	17,235	210,117	206,581	203,045	199,509	195,973	192,437
1973 Total	147,285	1973	32.5	6/30/1973	6/30/2023	6/30/1973	\$ 344,127	6.59%	172,908	21,655	151,253	14,097	167,351	164,790	162,216	159,642	157,068	154,494
1974 Total	133,988	1974	31.5	6/30/1974	6/30/2024	6/30/1974	\$ 341,975	6.59%	154,452	20,066	133,886	13,386	149,097	146,536	143,972	141,408	138,844	136,280
1975 Total	10,748	1975	30.5	6/30/1975	6/30/2025	6/30/1975	\$ 25,043	6.59%	11,810	1,810	9,370	1,032	10,402	10,154	9,906	9,658	9,410	9,162
1976 Total	6,818	1976	29.5	6/30/1976	6/30/2026	6/30/1976	\$ 15,888	6.59%	7,118	1,081	6,037	638	7,005	6,784	6,563	6,342	6,121	5,900
1977 Total	11,138	1977	28.5	6/30/1977	6/30/2027	6/30/1977	\$ 25,522	6.59%	11,180	1,810	9,370	1,032	10,402	10,154	9,906	9,658	9,410	9,162
1978 Total	4,387	1978	27.5	6/30/1978	6/30/2028	6/30/1978	\$ 10,222	6.59%	4,234	731	3,503	402	4,166	4,002	3,838	3,674	3,510	3,346
1979 Total	17,195	1979	26.5	6/30/1979	6/30/2029	6/30/1979	\$ 40,064	6.49%	17,816	3,086	13,250	1,636	16,079	15,826	15,574	15,322	15,070	14,818
1980 Total	81,025	1980	25.5	6/30/1980	6/30/2030	6/30/1980	\$ 188,788	6.49%	74,096	14,906	59,190	7,603	72,931	71,785	70,670	69,583	68,534	67,527
1981 Total	20,522	1981	24.5	6/30/1981	6/30/2031	6/30/1981	\$ 47,816	6.49%	18,065	3,870	14,195	1,897	17,501	17,301	17,129	16,964	16,804	16,648
1982 Total	128	1982	23.5	6/30/1982	6/30/2032	6/30/1982	\$ 298	6.49%	108	25	84	12	107	105	103	102	101	100
1983 Total	3,017	1983	22.5	6/30/1983	6/30/2033	6/30/1983	\$ 7,930	6.49%	2,460	598	1,863	269	2,422	2,384	2,346	2,308	2,270	2,232
1984 Total	4,894	1984	21.5	6/30/1984	6/30/2034	6/30/1984	\$ 11,380	6.49%	3,834	992	2,842	427	3,773	3,714	3,656	3,600	3,544	3,488
1985 Total	4,225	1985	20.5	6/30/1985	6/30/2035	6/30/1985	\$ 1,992	6.49%	3,343	921	2,422	378	3,291	3,239	3,189	3,140	3,092	3,044
1986 Total	855	1986	19.5	6/30/1986	6/30/2036	6/30/1986	\$ 1,992	6.49%	622	182	439	71	612	602	593	584	575	566
1987 Total	6,288	1987	18.5	6/30/1987	6/30/2037	6/30/1987	\$ 14,674	6.49%	4,408	1,377	3,031	510	4,339	4,271	4,204	4,140	4,076	4,012
1988 Total	9,553	1988	17.5	6/30/1988	6/30/2038	6/30/1988	\$ 22,238	6.49%	6,436	2,141	4,295	750	6,335	6,236	6,139	6,044	5,950	5,856
1989 Total	7,964	1989	16.5	6/30/1989	6/30/2039	6/30/1989	\$ 18,556	6.49%	5,165	1,830	3,335	604	5,084	5,004	4,926	4,850	4,775	4,700
1990 Total	27,030	1990	15.5	6/30/1990	6/30/2040	6/30/1990	\$ 62,980	6.49%	16,871	6,364	10,507	1,975	16,506	16,305	16,104	15,904	15,704	15,504
1991 Total	58,442	1991	14.5	6/30/1991	6/30/2041	6/30/1991	\$ 135,238	6.49%	34,872	14,008	20,864	4,064	34,524	33,785	33,046	32,307	31,568	30,829
1992 Total	345,417	1992	13.5	6/30/1992	6/30/2042	6/30/1992	\$ 804,822	6.49%	199,762	85,462	114,299	23,081	169,474	163,668	157,862	152,056	146,250	140,444
1993 Total	674,908	1993	12.5	6/30/1993	6/30/2044	6/30/1994	\$ 1,571,138	6.49%	375,372	171,007	204,365	42,766	363,623	353,533	343,443	333,353	323,263	313,173
1994 Total	731,137	1994	11.5	6/30/1994	6/30/2045	6/30/1995	\$ 1,703,549	6.49%	391,708	190,021	199,920	35,902	369,822	359,693	349,564	339,435	329,306	319,177
1995 Total	641,460	1995	10.5	6/30/1995	6/30/2046	6/30/1996	\$ 1,494,602	6.49%	330,802	171,649	140,346	32,625	307,093	300,268	292,448	284,629	276,810	268,991
1996 Total	628,514	1996	9.5	6/30/1996	6/30/2047	6/30/1997	\$ 1,464,438	6.49%	311,995	160,320	130,020	31,625	288,324	281,440	274,556	267,672	260,788	253,904
1997 Total	840,048	1997	8.5	6/30/1997	6/30/2048	6/30/1998	\$ 2,190,312	6.49%	449,178	283,148	186,030	44,756	442,120	435,173	428,226	421,280	414,333	407,386
1998 Total	720,552	1998	7.5	6/30/1998	6/30/2049	6/30/1999	\$ 1,678,886	6.49%	331,355	206,711	126,644	31,024	326,148	319,183	312,226	305,270	298,314	291,358
1999 Total	178,043	1999	6.5	6/30/1999	6/30/2050	6/30/2000	\$ 414,840	6.49%	78,811	52,354	26,457	6,811	77,573	76,354	75,135	73,916	72,697	71,478
2000 Total	675,371	2000	4.5	6/30/2001	6/30/2051	6/30/2001	\$ 1,573,614	6.49%	287,767	160,320	84,173	22,408	283,245	278,794	274,343	269,892	265,441	260,990
2001 Total	853,466	2001	3.5	6/30/2002	6/30/2052	6/30/2002	\$ 2,195,075	6.49%	350,041	263,713	86,328	23,755	344,541	339,127	333,716	328,305	322,894	317,483
2002 Total	942,091	2002	2.5	6/30/2003	6/30/2053	6/30/2003	\$ 2,020,337	6.49%	371,866	298,324	73,542	20,909	366,022	360,607	355,192	349,777	344,362	338,947
2003 Total	867,098	2003	1.5	6/30/2004	6/30/2054	6/30/2004	\$ 2,286,839	6.49%	329,455	281,440	48,014	10,247	324,278	319,183	314,087	309,000	303,913	298,826
2004 Total	1,024,395	2004	0.5	6/30/2005	6/30/2055	6/30/2005	\$ 1,854,516	6.49%	280,203	271,466	8,737	2,735	275,800	271,466	267,131	262,802	258,473	254,144
2005 Total	795,930	2005					\$ 5,529,456		\$ 3,124,214	\$ 2,405,242	\$ 444,902	\$ 5,442,439	\$ 5,356,792	\$ 5,271,402	\$ 5,192,205	\$ 5,113,008	\$ 5,033,811	\$ 4,954,614
2006 Total	10,963,956	2006					\$ 25,546,017		\$ 12,529,456	\$ 9,529,456	\$ 444,902	\$ 12,529,456	\$ 12,444,000	\$ 12,358,544	\$ 12,273,088	\$ 12,187,632	\$ 12,102,176	\$ 12,016,720

miles: 2.077

Years Old 8  
Current Year 2005  
Avg Year 1997

CG&E Planes 12/31/05 Adaption emtc  
dt. ARC \$3,124,214  
dr. COR \$2,850,144  
cr. ARC Accum dep \$ 444,902  
cr. ARO \$5,529,456

\$ Discounted \$ Discounted

\$ Discounted \$ Discounted \$ Discounted \$ Discounted \$ Discounted \$ Discounted

CGE Plastic Main  
Fin 47 ARO Calculation

DOT Regs Dr: 8/19/1970

Avg. Age	Footage	Avg. Age	Years Old	Expected retirement (settlement)	Vintage	Obligation 2005 \$s	Inflation factor	Inflated to Settlement	Discount rate	Discounted \$	Discounted \$	Discounted \$	Discounted \$	Discounted \$	Discounted \$	Discounted \$	Discounted \$	Discounted \$	Discounted \$	Discounted \$	
1924	163	1924	81.5	6/30/1924	6/30/2006	8/19/1970	\$ 380	1.0124	385	5.33%	375	60	315	59	370	365	360	356	356	338	321
1924 Total	163	1924	81.5	6/30/1924	6/30/2006	8/19/1970	\$ 380	1.0124	385	5.33%	375	60	315	59	370	365	360	356	356	338	321
1941 Total	82	1941	64.5	6/30/1941	6/30/2006	8/19/1970	\$ 191	1.0124	193	5.33%	189	30	158	30	186	184	181	179	179	170	161
1946 Total	2,808	1946	58.5	6/30/1946	6/30/2006	8/19/1970	\$ 6,077	1.0124	6,152	5.33%	5,996	956	5,040	942	5,918	5,841	5,766	5,699	5,632	5,400	5,131
1947 Total	1,087	1947	58.5	6/30/1947	6/30/2006	8/19/1970	\$ 2,486	1.0124	2,517	5.33%	2,453	2,062	2,359	386	2,421	2,390	2,359	2,329	2,211	2,099	2,099
1948 Total	2,776	1948	57.5	6/30/1948	6/30/2006	8/19/1970	\$ 6,468	1.0124	6,548	5.33%	6,382	1,017	5,365	1,003	6,299	6,217	6,137	6,059	5,752	5,461	5,461
1948 Total	18	1948	56.5	6/30/1948	6/30/2006	8/19/1970	\$ 37	1.0124	38	5.33%	37	6	31	6	36	36	35	35	35	33	31
1950 Total	634	1950	54.5	6/30/1950	6/30/2006	8/19/1970	\$ 1,477	1.0124	1,496	5.33%	1,458	222	1,225	229	1,439	1,420	1,402	1,384	1,314	1,247	1,247
1951 Total	113	1951	54.5	6/30/1951	6/30/2006	8/19/1970	\$ 263	1.0124	267	5.33%	260	41	218	41	226	225	225	225	224	222	222
1952 Total	383	1952	52.5	6/30/1952	6/30/2006	8/19/1970	\$ 892	1.0124	903	5.33%	881	140	740	138	869	858	847	836	794	753	753
1953 Total	14,993	1953	52.5	6/30/1953	6/30/2006	8/19/1970	\$ 34,934	1.0124	35,368	5.33%	34,469	5,494	28,975	5,418	34,021	33,579	33,148	32,726	31,067	29,496	29,496
1954 Total	4,078	1954	51.5	6/30/1954	6/30/2007	8/19/1970	\$ 9,504	1.0377	9,869	5.33%	9,126	1,455	7,672	1,396	8,991	8,891	8,776	8,665	8,225	7,809	7,809
1955 Total	69,259	1955	50.5	6/30/1955	6/29/2008	8/19/1970	\$ 161,373	1.0377	167,463	5.33%	147,121	23,450	123,671	21,905	145,209	143,322	141,480	139,682	132,600	125,895	125,895
1955 Total	9,827	1955	48.5	6/30/1955	6/30/2009	8/19/1970	\$ 22,897	1.0903	24,964	5.33%	20,820	3,318	20,820	3,020	20,549	20,282	20,021	19,767	18,765	17,816	17,816
1956 Total	14,526	1956	48.5	6/30/1956	6/30/2010	8/19/1970	\$ 33,846	1.1175	37,823	5.43%	29,815	4,588	25,228	4,070	29,421	29,031	28,651	28,280	26,819	25,438	25,438
1958 Total	51,120	1958	47.5	6/30/1958	6/30/2011	8/19/1970	\$ 119,110	1.1455	136,436	5.54%	101,453	15,070	115,070	13,044	100,084	98,734	97,417	96,131	91,075	86,298	86,298
1958 Total	62,539	1958	46.5	6/30/1958	6/29/2012	8/19/1970	\$ 82,876	1.1455	94,931	5.54%	73,662	16,662	59,527	8,394	65,985	65,095	64,227	63,379	60,046	56,896	56,896
1960 Total	26,145	1960	45.5	6/30/1960	6/30/2013	8/19/1970	\$ 145,716	1.2035	175,362	5.64%	116,189	8,944	55,663	7,212	41,530	40,939	40,362	39,800	37,594	35,516	35,516
1962 Total	24,647	1962	44.5	6/30/1962	6/30/2014	8/19/1970	\$ 84,218	1.2335	103,886	5.75%	64,607	5,630	36,499	4,439	31,061	30,649	30,282	29,917	28,519	27,169	27,169
1963 Total	65,830	1963	43.5	6/30/1963	6/29/2016	8/19/1970	\$ 153,384	1.2644	172,315	5.89%	106,736	14,265	92,471	11,001	81,504	80,704	79,914	78,778	74,644	70,510	70,510
1964 Total	73,822	1964	42.5	6/30/1964	6/30/2017	8/19/1970	\$ 172,005	1.2844	193,935	6.17%	114,774	13,801	100,973	10,416	90,557	89,750	88,943	87,713	83,584	79,450	79,450
1965 Total	375,928	1965	40.5	6/30/1965	6/30/2018	8/19/1970	\$ 207,490	1.3616	228,489	6.2%	157,301	64,694	492,606	47,805	548,819	546,466	544,115	541,762	518,100	484,240	484,240
1966 Total	89,055	1966	38.5	6/30/1966	6/29/2020	8/19/1970	\$ 245,536	1.3956	276,989	6.38%	197,465	15,663	172,802	11,110	161,692	159,347	157,035	154,722	148,594	144,461	144,461
1967 Total	222,180	1967	37.5	6/30/1967	6/29/2021	8/19/1970	\$ 517,679	1.5029	554,850	6.59%	357,301	20,207	337,094	20,489	316,605	314,175	311,742	309,309	297,882	286,454	286,454
1968 Total	158,444	1968	36.5	6/30/1968	6/30/2022	8/19/1970	\$ 351,574	1.5405	375,607	6.59%	282,108	29,466	252,642	20,489	232,153	230,372	228,543	226,714	215,335	204,000	204,000
1970 Total	78,807	1970	34.5	6/30/1970	6/29/2023	8/19/1970	\$ 183,620	1.6185	198,871	6.59%	144,774	13,801	130,973	10,416	120,557	118,133	115,709	113,285	109,713	106,140	106,140
1971 Total	73,450	1971	33.5	6/30/1971	6/30/2025	8/19/1970	\$ 171,139	1.6590	182,871	6.59%	139,664	12,662	127,002	9,381	117,620	115,199	112,775	110,351	106,778	103,204	103,204
1972 Total	23,894	1972	32.5	6/30/1972	6/30/2026	8/19/1970	\$ 55,673	1.6904	60,360	6.59%	45,648	3,128	42,520	2,798	40,722	40,352	39,981	39,610	37,915	36,220	36,220
1973 Total	35,078	1973	31.5	6/30/1973	6/30/2027	8/19/1970	\$ 81,732	1.7004	88,980	6.59%	66,888	2,942	63,946	2,505	61,444	60,966	60,595	60,224	58,529	56,834	56,834
1974 Total	78,922	1974	30.5	6/30/1974	6/29/2028	8/19/1970	\$ 183,888	1.7865	198,935	6.49%	144,774	10,591	134,384	9,381	125,000	122,575	120,151	117,726	115,302	112,878	112,878
1975 Total	10,987	1975	28.5	6/30/1975	6/30/2029	8/19/1970	\$ 25,600	1.8312	27,692	6.49%	20,438	1,633	18,805	909	17,896	17,421	16,946	16,471	15,996	15,521	15,521
1976 Total	9,898	1976	28.5	6/30/1976	6/30/2030	8/19/1970	\$ 23,062	1.8770	25,052	6.49%	18,902	1,508	17,394	811	16,883	16,408	15,933	15,458	14,983	14,508	14,508
1977 Total	16,803	1977	27.5	6/30/1977	6/30/2031	8/19/1970	\$ 39,154	1.8770	42,423	6.49%	32,233	2,624	29,609	2,163	27,446	27,071	26,696	26,321	25,496	24,671	24,671
1978 Total	35,388	1978	26.5	6/30/1978	6/29/2032	8/19/1970	\$ 82,454	1.8770	89,360	6.49%	68,888	5,526	63,362	4,481	58,881	58,406	57,931	57,456	55,631	53,806	53,806
1979 Total	65,188	1979	25.5	6/30/1979	6/29/2033	8/19/1970	\$ 151,888	1.9720	158,933	6.49%	117,165	14,791	102,374	11,110	91,264	90,789	90,314	89,839	87,014	85,189	85,189
1980 Total	38,691	1980	24.5	6/30/1980	6/30/2033	8/19/1970	\$ 102,480	2.0213	108,933	6.49%	80,808	9,381	71,427	6,227	65,200	64,725	64,250	63,775	61,950	60,125	60,125
1981 Total	43,777	1981	23.5	6/30/1981	6/30/2035	8/19/1970	\$ 116,088	2.0718	123,127	6.49%	93,077	8,587	84,590	6,227	78,363	77,888	77,413	76,938	75,113	73,288	73,288
1982 Total	49,823	1982	22.5	6/30/1982	6/29/2036	8/19/1970	\$ 116,088	2.1767	123,127	6.49%	93,077	8,587	84,590	6,227	78,363	77,888	77,413	76,938	75,113	73,288	73,288
1983 Total	25,122	1983	21.5	6/30/1983	6/30/2037	8/19/1970	\$ 38,534	2.2013	40,733	6.49%	30,532	2,624	27,909	2,163	25,746	25,271	24,796	24,321	22,496	20,671	20,671
1984 Total	48,824	1984	20.5	6/30/1984	6/30/2037	8/19/1970	\$ 113,760	2.2311	121,412	6.49%	90,662	8,587	82,075	6,227	73,848	73,373	72,898	72,423	70,598	68,773	68,773
1985 Total	176,099	1985	19.5	6/30/1985	6/30/2039	8/19/1970	\$ 358,262	2.2869	378,262	6.49%	282,886	26,700	256,186	21,915	234,271	232,356	230,441	228,526	216,601	204,676	204,676
1986 Total	47,235	1986	18.5	6/30/1986	6/29/2040	8/19/1970	\$ 127,002	2.4027	134,502	6.49%	105,801	10,591	95,210	8,095	87,115	86,640	86,165	85,690	83,865	82,040	82,040
1987 Total	140,344	1987	17.5	6/30/1987	6/29/2040	8/19/1970	\$ 410,311	2.4628	428,818	6.49%	322,886	26,700	296,186	22,915	273,271	271,356	269,441	267,526	255,601	243,676	243,676
1988 Total	190,511	1988	16.5	6/30/1988	6/30/2042	8/19/1970	\$ 443,989	2.5243	463,665	6.49%	353,776	26,700	327,076	22,915	304,161	302,246	300,331	298,416	286,491	274,566	274,566
1989 Total	276,251	1989	15.5	6/30/1989	6/30/2043	8/19/1970	\$ 443,989	2.5243	463,665	6.49%	353,776	26,700	327,076	22,915	304,1						

ULHP Coated Steel Mains  
 Fin 47 ARO Calculation

1996 Total	3,970	1996	9.5	6/30/1996	6/30/2049	6/30/1996	\$ 9,250	2.9274	\$ 27,079	6.49%	1,757	967	791	173	1,730	1,703	1,676	1,650	1,550	1,455
1997 Total	3,446	1997	8.5	6/30/1997	6/30/2050	6/30/1997	\$ 8,029	3.0006	\$ 24,093	6.49%	1,468	860	608	138	1,445	1,423	1,400	1,379	1,295	1,216
1998 Total	6,275	1998	7.5	6/30/1998	6/30/2051	6/30/1998	\$ 14,621	3.0756	\$ 44,968	6.49%	2,574	1,606	968	227	2,533	2,493	2,455	2,417	2,269	2,131
1999 Total	42,640	1999	6.5	6/30/1999	6/29/2052	6/30/1999	\$ 99,351	3.0756	\$ 305,569	6.49%	16,423	10,910	5,513	1,339	16,165	15,911	15,664	15,423	14,481	13,599
2000 Total	15,337	2000	5.5	6/30/2000	6/30/2053	6/30/2000	\$ 35,735	3.2313	\$ 115,473	6.49%	5,827	4,123	1,705	428	5,736	5,646	5,558	5,472	5,138	4,825
2001 Total	22,748	2001	4.5	6/30/2001	6/30/2054	6/30/2001	\$ 53,002	3.3121	\$ 175,551	6.49%	8,320	6,268	2,052	533	8,189	8,060	7,935	7,813	7,336	6,889
2002 Total	16,124	2002	3.5	6/30/2002	6/30/2055	6/30/2002	\$ 37,569	3.3949	\$ 127,543	6.49%	5,676	4,554	1,123	301	5,587	5,499	5,414	5,331	5,005	4,700
2003 Total	29,863	2003	2.5	6/30/2003	6/29/2056	6/30/2003	\$ 69,581	3.3949	\$ 236,222	6.49%	9,873	8,434	1,439	399	9,718	9,565	9,416	9,272	8,705	8,175
2004 Total	8,143	2004	1.5	6/30/2004	6/30/2057	6/30/2004	\$ 18,974	3.5668	\$ 67,677	6.49%	2,656	2,416	240	69	2,614	2,573	2,533	2,494	2,342	2,199
2005 Total	18,891	2005	0.5	6/30/2005	6/30/2058	6/30/2005	\$ 44,016	3.6560	\$ 160,921	6.49%	5,930	5,745	185	55	5,837	5,745	5,656	5,569	5,229	4,911
	<u>3,485,654</u>						<u>\$8,121,574</u>				<u>\$ 3,609,536</u>	<u>\$ 657,230</u>	<u>\$ 2,952,306</u>	<u>\$ 345,251</u>	<u>\$3,554,644</u>	<u>\$3,500,590</u>	<u>\$3,447,934</u>	<u>\$3,396,640</u>	#####	#####

miles: 660  
 Years Old 29  
 Current Year 2005  
 Avg Year 1976

ULH&P Coated Steel 12/31/05 Adoption entry:  
 dr. ARC \$ 657,230  
 dr. COR \$ 3,297,557  
 cr. ARC Accum dep \$ 345,251  
 cr. ARO \$ 3,609,536

ULHP Plastic Mains  
 Fin 47 ARO Calculation

DOT Regs Dt:		8/19/1970				\$ Discounted to		\$ Discounted to		\$ Discounted to		\$ Discounted to		\$ Discounted to		\$ Discounted to					
Avg. Age	Footage	Avg.	Years Old	Age	Expected retirement (settlement)	Vintage	Obligation 2005 \$	Inflation factor	Inflated to Settlement	Discount rate:	12/31/2005	Vintage	Accretion Cum Catch	ARC Depreciation Cum Catch	9/30/2005	6/30/2005	3/31/2005	12/31/2004	12/31/2003	12/31/2002	
1965 Total	592	1965	40.5	6/30/1965	6/30/2015	8/19/1970	\$ 1,379	1.2644	\$ 1,744	3.85%	1,016	136	880	107	1,002	987	973	960	907	857	
1968 Total	3,762	1968	37.5	6/30/1968	6/30/2018	8/19/1970	\$ 8,765	1.3616	\$ 11,935	6.27%	5,577	647	4,930	478	5,492	5,409	5,327	5,248	4,937	4,646	
1970 Total	33,236	1970	35.5	6/30/1970	6/30/2020	8/19/1970	\$ 77,440	1.4305	\$ 110,780	6.49%	44,523	4,817	39,706	3,417	43,823	43,135	42,464	41,811	39,258	36,867	
1971 Total	50,664	1971	34.5	6/30/1971	6/30/2021	6/30/1971	\$ 118,047	1.4663	\$ 173,091	6.59%	64,329	7,100	57,230	4,899	63,303	62,292	61,309	60,352	56,610	53,109	
1972 Total	44,242	1972	33.5	6/30/1972	6/30/2022	6/30/1972	\$ 103,084	1.5029	\$ 154,930	6.59%	54,019	6,356	47,663	4,259	53,157	52,309	51,483	50,679	47,537	44,597	
1973 Total	28,637	1973	32.5	6/30/1973	6/30/2023	6/30/1973	\$ 66,724	1.5405	\$ 102,790	6.59%	33,624	4,217	29,407	2,741	33,087	32,559	32,045	31,544	29,589	27,759	
1974 Total	10,679	1974	31.5	6/30/1974	6/30/2024	6/30/1974	\$ 24,882	1.5790	\$ 39,290	6.59%	12,055	1,612	10,444	1,015	11,863	11,673	11,489	11,310	10,609	9,953	
1975 Total	7,031	1975	30.5	6/30/1975	6/30/2025	6/30/1975	\$ 16,382	1.6185	\$ 26,515	6.59%	7,632	1,088	6,545	664	7,511	7,391	7,274	7,160	6,717	6,301	
1976 Total	3,214	1976	29.5	6/30/1976	6/30/2026	6/30/1976	\$ 7,489	1.6590	\$ 12,423	6.59%	3,355	510	2,845	301	3,301	3,249	3,197	3,148	2,952	2,770	
1977 Total	746	1977	28.5	6/30/1977	6/30/2027	6/30/1977	\$ 1,738	1.7004	\$ 2,956	6.59%	749	121	628	69	737	725	714	703	659	618	
1978 Total	7,535	1978	27.5	6/30/1978	6/30/2028	6/30/1978	\$ 17,557	1.7430	\$ 30,600	6.59%	7,272	1,255	6,017	690	7,156	7,042	6,931	6,822	6,399	6,004	
1979 Total	8,783	1979	26.5	6/30/1979	6/30/2029	6/30/1979	\$ 20,464	1.7865	\$ 36,560	6.49%	8,344	1,576	6,768	835	8,213	8,084	7,958	7,836	7,357	6,909	
1980 Total	12,817	1980	25.5	6/30/1980	6/30/2030	6/30/1980	\$ 29,864	1.8312	\$ 54,686	6.49%	11,721	2,358	9,363	1,203	11,537	11,355	11,179	11,007	10,335	9,706	
1981 Total	3,149	1981	24.5	6/30/1981	6/30/2031	6/30/1981	\$ 7,337	1.8770	\$ 13,772	6.49%	2,772	594	2,178	291	2,728	2,685	2,644	2,603	2,444	2,295	
1983 Total	1,295	1983	22.5	6/30/1983	6/30/2033	6/30/1983	\$ 3,017	1.9720	\$ 5,950	6.49%	1,056	257	800	115	1,039	1,023	1,007	992	931	874	
1984 Total	4,344	1984	21.5	6/30/1984	6/30/2034	6/30/1984	\$ 10,122	2.0213	\$ 20,459	6.49%	3,410	882	2,528	379	3,356	3,303	3,252	3,202	3,007	2,823	
1986 Total	1,684	1986	19.5	6/30/1986	6/30/2036	6/30/1986	\$ 3,877	2.1236	\$ 8,234	6.49%	1,210	355	855	138	1,191	1,172	1,154	1,136	1,067	1,002	
1987 Total	3,019	1987	18.5	6/30/1987	6/30/2037	6/30/1987	\$ 7,034	2.1767	\$ 15,312	6.49%	2,113	660	1,453	244	2,080	2,047	2,015	1,984	1,863	1,750	
1988 Total	585	1988	17.5	6/30/1988	6/30/2038	6/30/1988	\$ 1,363	2.2311	\$ 3,041	6.49%	394	131	263	46	388	382	376	370	348	326	
1989 Total	2,787	1989	16.5	6/30/1989	6/30/2039	6/30/1989	\$ 6,494	2.2869	\$ 14,851	6.49%	1,807	640	1,167	211	1,779	1,751	1,724	1,697	1,594	1,497	
1990 Total	2,583	1990	15.5	6/30/1990	6/30/2040	6/30/1990	\$ 6,018	2.3441	\$ 14,108	6.49%	1,612	608	1,004	189	1,587	1,562	1,538	1,514	1,422	1,335	
1991 Total	10,044	1991	14.5	6/30/1991	6/30/2041	6/30/1991	\$ 23,403	2.4027	\$ 56,229	6.49%	6,034	2,424	3,610	703	5,940	5,846	5,755	5,667	5,321	4,997	
1992 Total	79,828	1992	13.5	6/30/1992	6/30/2042	6/30/1992	\$ 185,999	2.4628	\$ 458,070	6.49%	46,166	19,751	26,415	5,334	45,441	44,727	44,032	43,355	40,707	38,228	
1993 Total	138,683	1993	12.5	6/30/1993	6/30/2043	6/30/1993	\$ 323,131	2.5243	\$ 815,688	6.49%	77,202	35,170	42,031	8,796	75,989	74,795	73,632	72,500	68,073	63,927	
1994 Total	186,769	1994	11.5	6/30/1994	6/30/2044	6/30/1994	\$ 435,172	2.5874	\$ 1,125,977	6.49%	100,062	48,541	51,521	11,168	98,490	96,942	95,435	93,968	88,230	82,856	
1995 Total	160,937	1995	10.5	6/30/1995	6/30/2045	6/30/1995	\$ 374,983	2.6521	\$ 994,499	6.49%	82,995	42,873	40,122	9,007	81,691	80,408	79,158	77,941	73,182	68,725	
1996 Total	194,077	1996	9.5	6/30/1996	6/30/2046	6/30/1996	\$ 452,199	2.7184	\$ 1,229,268	6.49%	96,340	53,003	43,337	10,074	94,826	93,336	91,886	90,473	84,948	79,775	
1997 Total	236,363	1997	8.5	6/30/1997	6/30/2047	6/30/1997	\$ 550,726	2.7864	\$ 1,534,532	6.49%	112,940	66,165	46,775	11,253	111,165	109,419	107,718	106,062	99,585	93,520	
1998 Total	173,172	1998	7.5	6/30/1998	6/30/2048	6/30/1998	\$ 403,491	2.8560	\$ 1,152,386	6.49%	79,635	49,679	29,956	7,456	78,384	77,152	75,953	74,785	70,219	65,942	
1999 Total	186,042	1999	6.5	6/30/1999	6/30/2049	6/30/1999	\$ 433,478	2.9274	\$ 1,268,981	6.49%	82,352	54,706	27,646	7,117	81,058	79,784	78,544	77,337	72,614	68,192	
2000 Total	194,065	2000	5.5	6/30/2000	6/30/2050	6/30/2000	\$ 452,171	3.0006	\$ 1,356,798	6.49%	82,689	58,502	24,187	6,439	81,389	80,110	78,865	77,653	72,911	68,471	
2001 Total	278,069	2001	4.5	6/30/2001	6/30/2051	6/30/2001	\$ 647,900	3.0756	\$ 1,992,710	6.49%	114,047	85,921	28,127	7,740	112,255	110,491	108,774	107,102	100,562	94,437	
2002 Total	290,520	2002	3.5	6/30/2002	6/30/2052	6/30/2002	\$ 676,912	3.1525	\$ 2,133,987	6.49%	114,675	91,996	22,679	6,448	112,873	111,100	109,373	107,691	101,115	94,957	
2003 Total	332,353	2003	2.5	6/30/2003	6/30/2053	6/30/2003	\$ 774,382	3.2313	\$ 2,502,296	6.49%	126,278	107,874	18,404	5,405	124,294	122,341	120,439	118,587	111,346	104,565	
2004 Total	259,982	2004	1.5	6/30/2004	6/30/2054	6/30/2004	\$ 605,758	3.3121	\$ 2,006,351	6.49%	95,084	86,509	8,575	2,601	93,590	92,119	90,687	89,293	83,840	78,734	
2005 Total	203,100	2005	0.5	6/30/2005	6/30/2055	6/30/2005	\$ 473,223	3.3949	\$ 1,606,562	6.49%	71,500	69,271	2,229	698	70,377	69,271	68,194	67,146	63,046	59,206	
		3,155,368					\$7,352,007			\$21,088,358			\$ 1,556,591	\$ 908,305	\$ 648,287	\$ 122,533	#####	#####	#####	#####	#####

miles: 598  
 Years Old 8  
 Current Year 2005  
 Avg Year 1997

ULHP Coated Steel 12/31/05 Adoption entry:  
 dr. ARC \$ 908,305  
 dr. COR \$ 770,819  
 cr. ARC Accum dep \$ 122,533  
 cr. ARO \$ 1,556,591

Infl Factors and Disc Rates

Assumed rate of inflation: 2.50% a

<b>Inflation Factors</b>			<b>Discount Rates</b>			
			<b>CGE, PSI, and ULHP</b>			
	<b># Periods Into Future</b>	<b>Factor</b>		<b>b</b>	<b>c</b>	
				<b>Risk-free</b>	<b>Credit</b>	<b>Discount</b>
				<b>Rate</b>	<b>Spread</b>	<b>Rate</b>
2006	0.5	1.0124	2006	4.47%	0.68%	5.20%
2007	1.5	1.0377	2007	4.46%	0.68%	5.20%
2008	2.5	1.0637	2008	4.44%	0.68%	5.20%
2009	3.5	1.0903	2009	4.45%	0.73%	5.20%
2010	4.5	1.1175	2010	4.42%	0.80%	5.30%
2011	5.5	1.1455	2011	4.43%	0.88%	5.40%
2012	6.5	1.1741	2012	4.44%	0.93%	5.40%
2013	7.5	1.2035	2013	4.46%	0.98%	5.50%
2014	8.5	1.2335	2014	4.49%	1.02%	5.60%
2015	9.5	1.2644	2015	4.58%	1.06%	5.70%
2016	10.5	1.2960	2016	4.63%	1.10%	5.80%
2017	11.5	1.3284	2017	4.69%	1.23%	6.00%
2018	12.5	1.3616	2018	4.73%	1.35%	6.10%
2019	13.5	1.3956	2019	4.76%	1.40%	6.20%
2020	14.5	1.4305	2020	4.80%	1.45%	6.30%
2021	15.5	1.4663	2021	4.83%	1.50%	6.40%
2022	16.5	1.5029	2022	4.83%	1.50%	6.40%
2023	17.5	1.5405	2023	4.83%	1.51%	6.40%
2024	18.5	1.5790	2024	4.83%	1.51%	6.40%
2025	19.5	1.6185	2025	4.83%	1.51%	6.40%
2026	20.5	1.6590	2026	4.81%	1.52%	6.40%
2027	21.5	1.7004	2027	4.80%	1.52%	6.40%
2028	22.5	1.7430	2028	4.78%	1.52%	6.40%
2029	23.5	1.7865	2029	4.76%	1.53%	6.30%
2030	24.5	1.8312	2030	4.74%	1.53%	6.30%
2031	25.5	1.8770	2031	4.74%	1.53%	6.30%
2032	26.5	1.9239	2032	4.74%	1.54%	6.30%
2033	27.5	1.9720	2033	4.74%	1.54%	6.30%
2034	28.5	2.0213	2034	4.74%	1.54%	6.30%
2035	29.5	2.0718	2035	4.74%	1.55%	6.30%
2036	30.5	2.1236	2036	4.74%	1.55%	6.30%
2037	31.5	2.1767	2037	4.74%	1.55%	6.30%
2038	32.5	2.2311	2038	4.74%	1.55%	6.30%
2039	33.5	2.2869	2039	4.74%	1.55%	6.30%
2040	34.5	2.3441	2040	4.74%	1.55%	6.30%
2041	35.5	2.4027	2041	4.74%	1.55%	6.30%
2042	36.5	2.4628	2042	4.74%	1.55%	6.30%
2043	37.5	2.5243	2043	4.74%	1.55%	6.30%
2044	38.5	2.5874	2044	4.74%	1.55%	6.30%
2045	39.5	2.6521	2045	4.74%	1.55%	6.30%
2046	40.5	2.7184	2046	4.74%	1.55%	6.30%
2047	41.5	2.7864	2047	4.74%	1.55%	6.30%
2048	42.5	2.8560	2048	4.74%	1.55%	6.30%
2049	43.5	2.9274	2049	4.74%	1.55%	6.30%
2050	44.5	3.0006	2050	4.74%	1.55%	6.30%

Infl Factors and Disc Rates

Assumed rate of inflation: 2.50% a

Inflation Factors			Discount Rates CGE, PSI, and ULHP			
	# Periods Into Future	Factor		b Risk-free Rate	c Credit Spread	Discount Rate
2051	45.5	3.0756	2051	4.74%	1.55%	6.30%
2052	46.5	3.1525	2052	4.74%	1.55%	6.30%
2053	47.5	3.2313	2053	4.74%	1.55%	6.30%
2054	48.5	3.3121	2054	4.74%	1.55%	6.30%
2055	49.5	3.3949	2055	4.74%	1.55%	6.30%
2056	50.5	3.4798	2056	4.74%	1.55%	6.30%
2057	51.5	3.5668	2057	4.74%	1.55%	6.30%
2058	52.5	3.6560	2058	4.74%	1.55%	6.30%
2059	53.5	3.7474	2059	4.74%	1.55%	6.30%
2060	54.5	3.8411	2060	4.74%	1.55%	6.30%
2061	55.5	3.9371	2061	4.74%	1.55%	6.30%
2062	56.5	4.0355	2062	4.74%	1.55%	6.30%
2063	57.5	4.1364	2063	4.74%	1.55%	6.30%
2064	58.5	4.2398	2064	4.74%	1.55%	6.30%
2065	59.5	4.3458	2065	4.74%	1.55%	6.30%
2066	60.5	4.4544	2066	4.74%	1.55%	6.30%
2067	61.5	4.5658	2067	4.74%	1.55%	6.30%
2068	62.5	4.6800	2068	4.74%	1.55%	6.30%
2069	63.5	4.7970	2069	4.74%	1.55%	6.30%
2070	64.5	4.9169	2070	4.74%	1.55%	6.30%
2071	65.5	5.0398	2071	4.74%	1.55%	6.30%
2072	66.5	5.1658	2072	4.74%	1.55%	6.30%
2073	67.5	5.2949	2073	4.74%	1.55%	6.30%
2074	68.5	5.4273	2074	4.74%	1.55%	6.30%
2075	69.5	5.5630	2075	4.74%	1.55%	6.30%
2076	70.5	5.7021	2076	4.74%	1.55%	6.30%
2077	71.5	5.8446	2077	4.74%	1.55%	6.30%
2078	72.5	5.9907	2078	4.74%	1.55%	6.30%
2079	73.5	6.1405	2079	4.74%	1.55%	6.30%
2080	74.5	6.2940	2080	4.74%	1.55%	6.30%
2081	75.5	6.4514	2081	4.74%	1.55%	6.30%

a Rate of inflation obtained from Jon Gomez, Manager - Power Operations Financial Analysis. Rate based on historical CPI.

b Rate obtained from Bloomberg report run by Ed Bowen, Treasury. Average of bid and ask price used, where different, from an approximate midpoint of each year. Interpolated where necessary.

c Credit spread obtained from Barclays Capital report provided by Larry Riffe, Treasury. Interpolated where necessary. Midpoint used when reoffer spread was a range.

Avg. Age	Footage	Avg. Years Old	Weighted Footage	check
<b>1910 Total</b>	19,272	<b>1910</b>	95.5 1,840,476	2
<b>1911 Total</b>	2,295	<b>1911</b>	94.5 216,878	0
<b>1912 Total</b>	303	<b>1912</b>	93.5 28,331	0
<b>1913 Total</b>	4,903	<b>1913</b>	92.5 453,528	1
<b>1914 Total</b>	14,196	<b>1914</b>	91.5 1,298,934	2
<b>1915 Total</b>	26,432	<b>1915</b>	90.5 2,392,096	3
<b>1916 Total</b>	37,238	<b>1916</b>	89.5 3,332,801	4
<b>1917 Total</b>	18,622	<b>1917</b>	88.5 1,648,047	2
<b>1918 Total</b>	3,779	<b>1918</b>	87.5 330,663	0
<b>1919 Total</b>	7,357	<b>1919</b>	86.5 636,381	1
<b>1920 Total</b>	15,875	<b>1920</b>	85.5 1,357,313	2
<b>1921 Total</b>	14,266	<b>1921</b>	84.5 1,205,477	2
<b>1922 Total</b>	25,397	<b>1922</b>	83.5 2,120,650	3
<b>1923 Total</b>	86,020	<b>1923</b>	82.5 7,096,650	9
<b>1924 Total</b>	53,455	<b>1924</b>	81.5 4,356,583	6
<b>1925 Total</b>	46,562	<b>1925</b>	80.5 3,748,241	5
<b>1926 Total</b>	35,904	<b>1926</b>	79.5 2,854,368	4
<b>1927 Total</b>	93,089	<b>1927</b>	78.5 7,307,487	10
<b>1928 Total</b>	129,901	<b>1928</b>	77.5 10,067,328	13
<b>1929 Total</b>	51,555	<b>1929</b>	76.5 3,943,958	5
<b>1930 Total</b>	22,195	<b>1930</b>	75.5 1,675,723	2
<b>1931 Total</b>	5,019	<b>1931</b>	74.5 373,916	0
<b>1932 Total</b>	1,256	<b>1932</b>	73.5 92,316	0
<b>1933 Total</b>	21	<b>1933</b>	72.5 1,523	0
<b>1934 Total</b>	18	<b>1934</b>	71.5 1,287	0
<b>1935 Total</b>	3,632	<b>1935</b>	70.5 256,056	0
<b>1937 Total</b>	3,404	<b>1937</b>	68.5 233,174	0
<b>1938 Total</b>	2,396	<b>1938</b>	67.5 161,730	0
<b>1939 Total</b>	2,627	<b>1939</b>	66.5 174,696	0
<b>1940 Total</b>	673	<b>1940</b>	65.5 44,082	0
<b>1941 Total</b>	282	<b>1941</b>	64.5 18,189	0
<b>1942 Total</b>	12,047	<b>1942</b>	63.5 764,985	1
<b>1943 Total</b>	9,866	<b>1943</b>	62.5 616,625	1
<b>1944 Total</b>	757	<b>1944</b>	61.5 46,556	0
<b>1945 Total</b>	39	<b>1945</b>	60.5 2,360	0
<b>Grand Total</b>	<u>750,653</u>		<u>60,699,408</u>	<u>81</u>

miles: 142

Years Old 81  
 Current Year 2005  
 Avg Year 1924

Avg. Age	Footage	Avg.	Years Old	Weighted Footage
<b>1910 Total</b>	<b>1,531,427</b>	<b>1910</b>	95.5	146,251,279
<b>1911 Total</b>	56,040	<b>1911</b>	94.5	5,295,780
<b>1912 Total</b>	31,400	<b>1912</b>	93.5	2,935,900
<b>1913 Total</b>	4,060	<b>1913</b>	92.5	375,550
<b>1914 Total</b>	1,477	<b>1914</b>	91.5	135,146
<b>1915 Total</b>	46	<b>1915</b>	90.5	4,163
<b>1917 Total</b>	4,733	<b>1917</b>	88.5	418,871
<b>1918 Total</b>	5,155	<b>1918</b>	87.5	451,063
<b>1920 Total</b>	283	<b>1920</b>	85.5	24,197
<b>1921 Total</b>	1,897	<b>1921</b>	84.5	160,297
<b>1922 Total</b>	282	<b>1922</b>	83.5	23,547
<b>1923 Total</b>	7,599	<b>1923</b>	82.5	626,918
<b>1925 Total</b>	91	<b>1925</b>	80.5	7,326
<b>1928 Total</b>	258	<b>1928</b>	77.5	19,995
<b>1929 Total</b>	49,194	<b>1929</b>	76.5	3,763,341
<b>1930 Total</b>	89,012	<b>1930</b>	75.5	6,720,406
<b>1931 Total</b>	48,586	<b>1931</b>	74.5	3,619,657
<b>1932 Total</b>	43,889	<b>1932</b>	73.5	3,225,842
<b>1933 Total</b>	8,687	<b>1933</b>	72.5	629,808
<b>1934 Total</b>	14,629	<b>1934</b>	71.5	1,045,974
<b>1935 Total</b>	27,948	<b>1935</b>	70.5	1,970,334
<b>1936 Total</b>	16,036	<b>1936</b>	69.5	1,114,502
<b>1937 Total</b>	47,481	<b>1937</b>	68.5	3,252,449
<b>1938 Total</b>	42,764	<b>1938</b>	67.5	2,886,570
<b>1939 Total</b>	48,862	<b>1939</b>	66.5	3,249,323
<b>1940 Total</b>	35,586	<b>1940</b>	65.5	2,330,883
<b>1941 Total</b>	63,183	<b>1941</b>	64.5	4,075,304
<b>1942 Total</b>	68,378	<b>1942</b>	63.5	4,342,003
<b>1943 Total</b>	16,593	<b>1943</b>	62.5	1,037,063
<b>1944 Total</b>	808	<b>1944</b>	61.5	49,692
<b>1945 Total</b>	11,051	<b>1945</b>	60.5	668,586
<b>1946 Total</b>	23,450	<b>1946</b>	59.5	1,395,275
<b>1947 Total</b>	4,247	<b>1947</b>	58.5	248,450
<b>1948 Total</b>	46,132	<b>1948</b>	57.5	2,652,590
<b>1949 Total</b>	39,770	<b>1949</b>	56.5	2,247,005
<b>1950 Total</b>	10,964	<b>1950</b>	55.5	608,502
<b>1951 Total</b>	48,678	<b>1951</b>	54.5	2,652,951
<b>1952 Total</b>	49,195	<b>1952</b>	53.5	2,631,933
<b>1953 Total</b>	55,502	<b>1953</b>	52.5	2,913,855
<b>1954 Total</b>	55,550	<b>1954</b>	51.5	2,860,825
<b>1955 Total</b>	18,475	<b>1955</b>	50.5	932,988
<b>1956 Total</b>	51,637	<b>1956</b>	49.5	2,556,032
<b>1957 Total</b>	138,497	<b>1957</b>	48.5	6,717,105
<b>1958 Total</b>	86,023	<b>1958</b>	47.5	4,086,093
<b>1959 Total</b>	14,326	<b>1959</b>	46.5	666,159
<b>1960 Total</b>	70,833	<b>1960</b>	45.5	3,222,902
<b>1961 Total</b>	10,017	<b>1961</b>	44.5	445,757
<b>1962 Total</b>	20,784	<b>1962</b>	43.5	904,104
<b>1963 Total</b>	29,574	<b>1963</b>	42.5	1,256,895
<b>1964 Total</b>	15,178	<b>1964</b>	41.5	629,887
<b>1965 Total</b>	14,705	<b>1965</b>	40.5	595,553



<b>1966 Total</b>	10,496	<b>1966</b>	39.5	414,592
<b>1967 Total</b>	2,000	<b>1967</b>	38.5	77,000
<b>1968 Total</b>	984	<b>1968</b>	37.5	36,900
<b>1969 Total</b>	1,998	<b>1969</b>	36.5	72,927
<b>1971 Total</b>	44	<b>1971</b>	34.5	1,518
<b>1972 Total</b>	27	<b>1972</b>	33.5	905
<b>1974 Total</b>	3,310	<b>1974</b>	31.5	104,265
<b>1975 Total</b>	36	<b>1975</b>	30.5	1,098
<b>1985 Total</b>	5	<b>1985</b>	20.5	103
<b>Grand Total</b>	<u>3,099,872</u>			<u>241,645,938</u>

miles: 587

Years Old	78
Current Year	2005
Avg Year	1927

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Avg. Age	Footage	Avg. Years Old	Weighted Footage
1946 Total	11,398	1946	678,181
1947 Total	1,667	1947	97,520
1948 Total	38,668	1948	2,223,410
1949 Total	31,847	1949	1,799,356
1950 Total	32,251	1950	1,789,931
1951 Total	87,097	1951	4,746,787
1952 Total	32,648	1952	1,746,668
1953 Total	17,416	1953	914,340
1954 Total	46,665	1954	2,403,248
1955 Total	72,678	1955	3,670,239
1956 Total	118,071	1956	5,844,515
1957 Total	252,687	1957	12,255,320
1958 Total	208,404	1958	9,899,190
1959 Total	365,793	1959	17,009,375
1960 Total	598,467	1960	27,230,249
1961 Total	657,910	1961	29,276,995
1962 Total	395,316	1962	17,196,246
1963 Total	389,230	1963	16,542,275
1964 Total	437,587	1964	18,159,861
1965 Total	730,012	1965	29,565,486
1966 Total	606,811	1966	23,969,035
1967 Total	458,888	1967	17,667,188
1968 Total	847,441	1968	31,779,038
1969 Total	677,002	1969	24,710,573
1970 Total	449,176	1970	15,945,748
1971 Total	347,100	1971	11,974,950
1972 Total	221,128	1972	7,407,788
1973 Total	189,102	1973	6,145,815
1974 Total	50,214	1974	1,581,741
1975 Total	65,509	1975	1,998,025
1976 Total	29,750	1976	877,625
1977 Total	25,743	1977	733,676
1978 Total	58,605	1978	1,611,638
1979 Total	51,883	1979	1,374,900
1980 Total	203,156	1980	5,180,478
1981 Total	186,715	1981	4,574,518
1982 Total	121,238	1982	2,849,093
1983 Total	102,378	1983	2,303,505
1984 Total	157,433	1984	3,384,810
1985 Total	165,289	1985	3,388,425
1986 Total	408,669	1986	7,969,046
1987 Total	525,605	1987	9,723,693
1988 Total	768,187	1988	13,443,273
1989 Total	630,384	1989	10,401,336
1990 Total	566,865	1990	8,786,408
1991 Total	636,656	1991	9,231,512
1992 Total	244,995	1992	3,307,433
1993 Total	107,015	1993	1,337,688
1994 Total	64,770	1994	744,855
1995 Total	49,351	1995	518,186
1996 Total	22,296	1996	211,812

<b>1997 Total</b>	52,203	<b>1997</b>	8.5	443,726
<b>1998 Total</b>	28,724	<b>1998</b>	7.5	215,430
<b>1999 Total</b>	46,266	<b>1999</b>	6.5	300,729
<b>2000 Total</b>	33,140	<b>2000</b>	5.5	182,270
<b>2001 Total</b>	89,197	<b>2001</b>	4.5	401,387
<b>2002 Total</b>	122,447	<b>2002</b>	3.5	428,563
<b>2003 Total</b>	183,814	<b>2003</b>	2.5	459,534
<b>2004 Total</b>	95,627	<b>2004</b>	1.5	143,441
<b>2005 Total</b>	21,818	<b>2005</b>	0.5	10,909
<b>Grand Total</b>	<u>14,238,401</u>			<u>440,768,992</u>

miles: 2,697

Years Old 31  
 Current Year 2005  
 Avg Year 1974

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Avg. Age	Footage	Avg.	Years Old	Weighted Footage	check
1966 Total	4,511	1966	39.5	178,185	0
1969 Total	72,726	1969	36.5	2,654,499	0
1970 Total	72,674	1970	35.5	2,579,927	0
1971 Total	182,194	1971	34.5	6,285,693	1
1972 Total	179,039	1972	33.5	5,997,807	1
1973 Total	147,265	1973	32.5	4,786,113	0
1974 Total	13,688	1974	31.5	431,172	0
1975 Total	10,748	1975	30.5	327,814	0
1976 Total	6,819	1976	29.5	201,161	0
1977 Total	11,138	1977	28.5	317,433	0
1978 Total	4,387	1978	27.5	120,643	0
1979 Total	17,195	1979	26.5	455,668	0
1980 Total	81,025	1980	25.5	2,066,138	0
1981 Total	20,522	1981	24.5	502,789	0
1982 Total	128	1982	23.5	3,008	0
1983 Total	3,017	1983	22.5	67,883	0
1984 Total	4,884	1984	21.5	105,006	0
1985 Total	4,425	1985	20.5	90,713	0
1986 Total	855	1986	19.5	16,673	0
1987 Total	6,298	1987	18.5	116,513	0
1988 Total	9,553	1988	17.5	167,178	0
1989 Total	7,964	1989	16.5	131,406	0
1990 Total	27,030	1990	15.5	418,965	0
1991 Total	58,042	1991	14.5	841,609	0
1992 Total	345,417	1992	13.5	4,663,130	0
1993 Total	674,308	1993	12.5	8,428,850	1
1994 Total	731,137	1994	11.5	8,408,076	1
1995 Total	641,460	1995	10.5	6,735,330	1
1996 Total	628,514	1996	9.5	5,970,883	1
1997 Total	940,048	1997	8.5	7,990,408	1
1998 Total	720,552	1998	7.5	5,404,140	0
1999 Total	178,043	1999	6.5	1,157,280	0
2000 Total	675,371	2000	5.5	3,714,541	0
2001 Total	853,466	2001	4.5	3,840,595	0
2002 Total	942,091	2002	3.5	3,297,320	0
2003 Total	867,098	2003	2.5	2,167,744	0
2004 Total	1,024,395	2004	1.5	1,536,592	0
2005 Total	795,930	2005	0.5	397,965	0
<b>Grand Tot</b>	<b>10,963,956</b>			<b>92,576,850</b>	<b>8</b>

miles: 2,077

Years Old 8  
 Current Year 2005  
 Avg Year 1997



Age Year	Footage	Age	Years Old	Weighted Footage
<b>1915 Total</b>	1,700	<b>1915</b>	90.5	153,850
<b>1916 Total</b>	520	<b>1916</b>	89.5	46,540
<b>1917 Total</b>	373	<b>1917</b>	88.5	33,011
<b>1919 Total</b>	290	<b>1919</b>	86.5	25,085
<b>1921 Total</b>	816	<b>1921</b>	84.5	68,952
<b>1922 Total</b>	109	<b>1922</b>	83.5	9,102
<b>1923 Total</b>	668	<b>1923</b>	82.5	55,110
<b>1924 Total</b>	369	<b>1924</b>	81.5	30,074
<b>1925 Total</b>	8,715	<b>1925</b>	80.5	701,558
<b>1926 Total</b>	17,593	<b>1926</b>	79.5	1,398,644
<b>1927 Total</b>	28,969	<b>1927</b>	78.5	2,274,067
<b>1928 Total</b>	13,117	<b>1928</b>	77.5	1,016,568
<b>1929 Total</b>	17,818	<b>1929</b>	76.5	1,363,077
<b>1930 Total</b>	7	<b>1930</b>	75.5	529
<b>1931 Total</b>	6,671	<b>1931</b>	74.5	496,990
<b>1932 Total</b>	16	<b>1932</b>	73.5	1,176
<b>1933 Total</b>	15	<b>1933</b>	72.5	1,088
<b>1935 Total</b>	54	<b>1935</b>	70.5	3,807
<b>1938 Total</b>	35	<b>1938</b>	67.5	2,363
<b>1940 Total</b>	3	<b>1940</b>	65.5	197
<b>1941 Total</b>	14	<b>1941</b>	64.5	903
<b>1942 Total</b>	2,117	<b>1942</b>	63.5	134,430
<b>1943 Total</b>	70	<b>1943</b>	62.5	4,375
<b>1944 Total</b>	60	<b>1944</b>	61.5	3,690
<b>1945 Total</b>	47	<b>1945</b>	60.5	2,844
<b>Grand Total</b>	<u>100,166</u>			<u>7,828,030</u>

miles: 19

Years Old 78  
 Current Year 2005  
 Avg Year 1927

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Age Year	Footage	Age	Years Old	Weighted Footage
1915 Total	233,933	1915	90.5	21,170,937
1923 Total	35	1923	82.5	2,888
1925 Total	63	1925	80.5	5,072
1926 Total	220	1926	79.5	17,490
1927 Total	1,737	1927	78.5	136,355
1928 Total	572	1928	77.5	44,330
1929 Total	389	1929	76.5	29,759
1930 Total	2,665	1930	75.5	201,208
1931 Total	1,601	1931	74.5	119,275
1932 Total	346	1932	73.5	25,431
1933 Total	2,078	1933	72.5	150,655
1934 Total	2,076	1934	71.5	148,434
1935 Total	5,094	1935	70.5	359,127
1936 Total	4,480	1936	69.5	311,360
1937 Total	10,383	1937	68.5	711,236
1938 Total	11,114	1938	67.5	750,195
1939 Total	2,539	1939	66.5	168,844
1940 Total	7,332	1940	65.5	480,246
1941 Total	5,475	1941	64.5	353,138
1942 Total	2,268	1942	63.5	144,018
1943 Total	55	1943	62.5	3,438
1944 Total	5	1944	61.5	308
1946 Total	204	1946	59.5	12,138
1947 Total	4	1947	58.5	234
1948 Total	18	1948	57.5	1,035
1949 Total	10,328	1949	56.5	583,532
1950 Total	1,771	1950	55.5	98,291
1951 Total	13,978	1951	54.5	761,801
1952 Total	5,980	1952	53.5	319,930
1953 Total	4,830	1953	52.5	253,575
1954 Total	9,087	1954	51.5	467,981
1955 Total	4,690	1955	50.5	236,845
1956 Total	12,423	1956	49.5	614,939
1957 Total	31,787	1957	48.5	1,541,670
1958 Total	15,719	1958	47.5	746,653
1959 Total	8,285	1959	46.5	385,253
1960 Total	2,354	1960	45.5	107,107
1961 Total	1,716	1961	44.5	76,362
1962 Total	1,129	1962	43.5	49,112
1963 Total	407	1963	42.5	17,298
1964 Total	2,043	1964	41.5	84,785
1965 Total	1,584	1965	40.5	64,152
1966 Total	218	1966	39.5	8,611
1967 Total	1	1967	38.5	39
1968 Total	11	1968	37.5	413
1971 Total	325	1971	34.5	11,213
<b>Grand Total</b>	<b>423,352</b>			<b>31,776,713</b>

miles: 80

Years Old

75

Current Year	2005
Avg Year	1930



Age Year	Footage	Age	Years Old	Weighted Footage
<b>1924 Total</b>	163	<b>1924</b>	81.5	13,285
<b>1941 Total</b>	82	<b>1941</b>	64.5	5,289
<b>1946 Total</b>	2,608	<b>1946</b>	59.5	155,176
<b>1947 Total</b>	1,067	<b>1947</b>	58.5	62,420
<b>1948 Total</b>	2,776	<b>1948</b>	57.5	159,620
<b>1949 Total</b>	16	<b>1949</b>	56.5	904
<b>1950 Total</b>	634	<b>1950</b>	55.5	35,187
<b>1951 Total</b>	113	<b>1951</b>	54.5	6,159
<b>1952 Total</b>	383	<b>1952</b>	53.5	20,491
<b>1953 Total</b>	14,993	<b>1953</b>	52.5	787,133
<b>1954 Total</b>	4,079	<b>1954</b>	51.5	210,069
<b>1955 Total</b>	69,259	<b>1955</b>	50.5	3,497,580
<b>1956 Total</b>	9,827	<b>1956</b>	49.5	486,437
<b>1957 Total</b>	14,526	<b>1957</b>	48.5	704,511
<b>1958 Total</b>	51,120	<b>1958</b>	47.5	2,428,200
<b>1959 Total</b>	35,569	<b>1959</b>	46.5	1,653,959
<b>1960 Total</b>	62,539	<b>1960</b>	45.5	2,845,525
<b>1961 Total</b>	36,145	<b>1961</b>	44.5	1,608,453
<b>1962 Total</b>	24,547	<b>1962</b>	43.5	1,067,795
<b>1963 Total</b>	65,830	<b>1963</b>	42.5	2,797,775
<b>1964 Total</b>	73,822	<b>1964</b>	41.5	3,063,613
<b>1965 Total</b>	375,928	<b>1965</b>	40.5	15,225,084
<b>1966 Total</b>	89,055	<b>1966</b>	39.5	3,517,673
<b>1967 Total</b>	105,389	<b>1967</b>	38.5	4,057,477
<b>1968 Total</b>	222,180	<b>1968</b>	37.5	8,331,750
<b>1969 Total</b>	158,444	<b>1969</b>	36.5	5,783,206
<b>1970 Total</b>	150,890	<b>1970</b>	35.5	5,356,595
<b>1971 Total</b>	78,807	<b>1971</b>	34.5	2,718,842
<b>1972 Total</b>	73,450	<b>1972</b>	33.5	2,460,575
<b>1973 Total</b>	23,894	<b>1973</b>	32.5	776,555
<b>1974 Total</b>	35,078	<b>1974</b>	31.5	1,104,957
<b>1975 Total</b>	78,922	<b>1975</b>	30.5	2,407,121
<b>1976 Total</b>	10,987	<b>1976</b>	29.5	324,117
<b>1977 Total</b>	9,898	<b>1977</b>	28.5	282,093
<b>1978 Total</b>	16,803	<b>1978</b>	27.5	462,083
<b>1979 Total</b>	35,388	<b>1979</b>	26.5	937,782
<b>1980 Total</b>	65,188	<b>1980</b>	25.5	1,662,294
<b>1981 Total</b>	39,691	<b>1981</b>	24.5	972,430
<b>1982 Total</b>	43,777	<b>1982</b>	23.5	1,028,760
<b>1983 Total</b>	49,823	<b>1983</b>	22.5	1,121,018
<b>1984 Total</b>	25,122	<b>1984</b>	21.5	540,123
<b>1985 Total</b>	48,824	<b>1985</b>	20.5	1,000,892
<b>1986 Total</b>	67,235	<b>1986</b>	19.5	1,311,083
<b>1987 Total</b>	140,344	<b>1987</b>	18.5	2,596,364
<b>1988 Total</b>	176,099	<b>1988</b>	17.5	3,081,733
<b>1989 Total</b>	190,511	<b>1989</b>	16.5	3,143,432
<b>1990 Total</b>	276,251	<b>1990</b>	15.5	4,281,891
<b>1991 Total</b>	171,336	<b>1991</b>	14.5	2,484,372
<b>1992 Total</b>	63,920	<b>1992</b>	13.5	862,920
<b>1993 Total</b>	22,262	<b>1993</b>	12.5	278,275
<b>1994 Total</b>	2,392	<b>1994</b>	11.5	27,508

<b>1995 Total</b>	231	<b>1995</b>	10.5	2,426
<b>1996 Total</b>	3,970	<b>1996</b>	9.5	37,715
<b>1997 Total</b>	3,446	<b>1997</b>	8.5	29,291
<b>1998 Total</b>	6,275	<b>1998</b>	7.5	47,063
<b>1999 Total</b>	42,640	<b>1999</b>	6.5	277,160
<b>2000 Total</b>	15,337	<b>2000</b>	5.5	84,354
<b>2001 Total</b>	22,748	<b>2001</b>	4.5	102,365
<b>2002 Total</b>	16,124	<b>2002</b>	3.5	56,434
<b>2003 Total</b>	29,863	<b>2003</b>	2.5	74,658
<b>2004 Total</b>	8,143	<b>2004</b>	1.5	12,215
<b>2005 Total</b>	18,891	<b>2005</b>	0.5	9,446
<b>Grand Total</b>	<u>3,485,654</u>			<u>100,481,713</u>

miles: 660

Years Old	29
Current Year	2005
Avg Year	1976

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Age Year	Footage	Age	Years Old	Weighted Footage
<b>1965 Total</b>	592	<b>1965</b>	40.5	23,976
<b>1968 Total</b>	3,762	<b>1968</b>	37.5	141,075
<b>1970 Total</b>	33,236	<b>1970</b>	35.5	1,179,878
<b>1971 Total</b>	50,664	<b>1971</b>	34.5	1,747,908
<b>1972 Total</b>	44,242	<b>1972</b>	33.5	1,482,107
<b>1973 Total</b>	28,637	<b>1973</b>	32.5	930,703
<b>1974 Total</b>	10,679	<b>1974</b>	31.5	336,389
<b>1975 Total</b>	7,031	<b>1975</b>	30.5	214,446
<b>1976 Total</b>	3,214	<b>1976</b>	29.5	94,813
<b>1977 Total</b>	746	<b>1977</b>	28.5	21,261
<b>1978 Total</b>	7,535	<b>1978</b>	27.5	207,213
<b>1979 Total</b>	8,783	<b>1979</b>	26.5	232,750
<b>1980 Total</b>	12,817	<b>1980</b>	25.5	326,834
<b>1981 Total</b>	3,149	<b>1981</b>	24.5	77,151
<b>1983 Total</b>	1,295	<b>1983</b>	22.5	29,138
<b>1984 Total</b>	4,344	<b>1984</b>	21.5	93,396
<b>1986 Total</b>	1,664	<b>1986</b>	19.5	32,448
<b>1987 Total</b>	3,019	<b>1987</b>	18.5	55,852
<b>1988 Total</b>	585	<b>1988</b>	17.5	10,238
<b>1989 Total</b>	2,787	<b>1989</b>	16.5	45,986
<b>1990 Total</b>	2,583	<b>1990</b>	15.5	40,037
<b>1991 Total</b>	10,044	<b>1991</b>	14.5	145,638
<b>1992 Total</b>	79,828	<b>1992</b>	13.5	1,077,678
<b>1993 Total</b>	138,683	<b>1993</b>	12.5	1,733,538
<b>1994 Total</b>	186,769	<b>1994</b>	11.5	2,147,844
<b>1995 Total</b>	160,937	<b>1995</b>	10.5	1,689,839
<b>1996 Total</b>	194,077	<b>1996</b>	9.5	1,843,732
<b>1997 Total</b>	236,363	<b>1997</b>	8.5	2,009,086
<b>1998 Total</b>	173,172	<b>1998</b>	7.5	1,298,790
<b>1999 Total</b>	186,042	<b>1999</b>	6.5	1,209,273
<b>2000 Total</b>	194,065	<b>2000</b>	5.5	1,067,358
<b>2001 Total</b>	278,069	<b>2001</b>	4.5	1,251,310
<b>2002 Total</b>	290,520	<b>2002</b>	3.5	1,016,820
<b>2003 Total</b>	332,353	<b>2003</b>	2.5	830,882
<b>2004 Total</b>	259,982	<b>2004</b>	1.5	389,973
<b>2005 Total</b>	203,100	<b>2005</b>	0.5	101,550
<b>Grand Total</b>	<u>3,155,368</u>			<u>25,136,910</u>

miles: 598

Years Old 8  
 Current Year 2005  
 Avg Year 1997



**Welles, Sarah**

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**From:** Hebbeler, Gary  
**Sent:** Thursday, January 26, 2006 1:53 PM  
**To:** Glenn, Erica; Ritchie, Brett  
**Cc:** Dlugokecki, Amy; Walker, Patty; Kemper, Nancy  
**Subject:** RE:

The projected footage should be 711,580 wich equates to \$2.33/ft. Sorry about the mistake.  
Gary

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**From:** Hebbeler, Gary  
**Sent:** Thursday, January 26, 2006 1:46 PM  
**To:** Glenn, Erica; Ritchie, Brett  
**Cc:** Dlugokecki, Amy; Walker, Patty; Kemper, Nancy  
**Subject:**

Erica

Per your request, I'm submitting to you our projected cost of removal for replacement projects that is in the 2006 budget. The methodology used to develop these numbers is as follows: The 2004 actuals are used and split out by resource and converted to a percentage. One of the resource categories is the cost of removal. We use historical data along with known specific projects to determine footages and number of services to be replaced during the budget year. A three year average cost is applied to the projected footages and number of services. This is calculated for each project in the budget. This will provide a total dollar amount. Percentages are used based off 2004 actuals , as mentioned above, to obtain the resource breakdown. The total cost of removal for the categories as indicated for both Kentucky and Ohio is \$1,658,949 and projected footage is 719,001. Therefore, an average cost per foot for the cost of removal is \$2.31 per foot.

Your original question on Thursday January 19 was in regard to the cast iron and bare steel replacement program. The annual cost provided were preliminary estimates based of the replacement program in Ohio using 2005 preliminaries and were not cost for other replacement projects. These cost will vary from year to year.

The KO Transmission estimate of \$20,000 per year were derived at by using the following methodology for the river crossing AM4. It is my assumption that we will abandon one of the four lines each year starting in 2007. It will cost about \$20,000 dollars to dig a hole on each end and abandon the facility. 100% of these cost would go to the cost of removal. Therefore we would spend about \$20,000 to purge and cap the facility each of the four years.

If you need any additional information, please call.  
Gary

**Welles, Sarah**

**From:** Buescher, Art  
**Sent:** Tuesday, November 22, 2005 3:15 PM  
**To:** Melendez, Brenda  
**Cc:** Douglas, Diana  
**Subject:** Gibson 5 Partners ARO Requests

**Follow Up Flag:** Follow up  
**Due By:** Wednesday, November 23, 2005 10:00 AM  
**Flag Status:** Red

**Attachments:** 000012D3000.tif

Brenda,

I received the following formal request from WVPA and IMPA regarding year-end data for Asset Retirement Obligations relevant to Gibson Unit 5. I was hoping we could discuss sometime early next week to make sure we have ample time to respond before year-end gets here. I'll look at our calendars and set something up. Is there anyone else you feel should be a part of our initial discussions? Thanks.



000012D3000.tif

Art Buescher  
Supervisor, EMBU Fuel & JO Accounting  
Phone: (317) 838-1657  
Fax: (317) 838-2934  
eMail: [abuescher@cinergy.com](mailto:abuescher@cinergy.com)

Resource	(Multiple Items)
Process ID	(Multiple Items)

Sum of Transaction Amount				
Project	Project Description	Work Type Description	Accounting Period	Vendor Description
EB200593	Replace CT Fill	MAINTENANCE	200501	HAMON COOLING TOWERS
			200502	HAMON COOLING TOWERS
			200503	HAMON COOLING TOWERS
			200504	HAMON COOLING TOWERS
			200505	HAMON COOLING TOWERS
			200506	HAMON COOLING TOWERS
Grand Total				

Total
286,914.29
299,288.61
478,428.40
92,734.01
1,254.66
15,365.89
1,173,985.86

**Welles, Sarah**

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**From:** Reynolds, Jaime  
**Sent:** Monday, February 06, 2006 2:04 PM  
**To:** Melendez, Brenda  
**Subject:** RE: January Gas AROs calc  
**Attachments:** Gas Main ARO Jan06 Calc.xls

Here is an updated version. I had an error on ULHP coated steel.

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**From:** Reynolds, Jaime  
**Sent:** Monday, February 06, 2006 11:17 AM  
**To:** Melendez, Brenda; Dean, James  
**Subject:** January Gas AROs calc

Attached is my calc of the January entries for the gas AROs. I did the calc on each tab and highlighted it. Then I summarized on the first tab to get the entries. Take a look at my calculations and see if you agree. I think the depreciation should be the same every month going forward, but we'll have to do the accretion calc every month.  
Thanks.

*Jaime Reynolds*  
*Fixed Asset Accounting*  
287-3490



**Fin 47 Gas Mains  
 Journal Entry FA555**

**CG&E Standalone**

CG&E Bare Steel and Cast Iron

dr. Accum Depr 182304	2,460.79	
dr. Accretion Exp 182304	35,301.06	
cr. Gas Accum Depr ARO 108801		2,460.79
cr. Asset Retirement Obligation 230850		35,301.06

CG&E Coated Steel

dr. Accum Depr 182304	3,019.29	
dr. Accretion Exp 182304	65,466.94	
cr. Gas Accum Depr ARO 108801		3,019.29
cr. Asset Retirement Obligation 230850		65,466.94

CG&E Plastic

dr. Accum Depr 182304	5,168.83	
dr. Accretion Exp 182304	29,633.12	
cr. Gas Accum Depr ARO 108801		5,168.83
cr. Asset Retirement Obligation 230850		29,633.12

<b>Total CG&amp;E Standalone</b>		
dr. Accum Depr 182304	10,648.91	
dr. Accretion Exp 182304	130,401.12	
cr. Gas Accum Depr ARO 108801		10,648.91
cr. Asset Retirement Obligation 230850		130,401.12

**ULH&P**

ULH&P Bare Steel and Cast Iron

dr. Accum Depr 182304	398.46	
dr. Accretion Exp 182304	5,051.67	
cr. Gas Accum Depr ARO 108801		398.46
cr. Asset Retirement Obligation 230850		5,051.67

ULH&P Coated Steel

dr. Accum Depr 182304	1,105.01	
dr. Accretion Exp 182304	18,687.27	
cr. Gas Accum Depr ARO 108801		1,105.01
cr. Asset Retirement Obligation 230850		18,687.27

ULH&P Plastic

dr. Accum Depr 182304	1,513.94	
dr. Accretion Exp 182304	8,343.33	
cr. Gas Accum Depr ARO 108801		1,513.94
cr. Asset Retirement Obligation 230850		8,343.33

<b>Total ULH&amp;P</b>		
dr. Accum Depr 182304	3,017.41	
dr. Accretion Exp 182304	32,082.28	
cr. Gas Accum Depr ARO 108801		3,017.41
cr. Asset Retirement Obligation 230850		32,082.28

<b>KO Transmission</b>		
dr. Accum Depr 403005	147.48	
dr. Accretion Exp 411100	326.98	
cr. Gas Accum Reserve ARO 108801		147.48
cr. Asset Retirement Obligation 230850		326.98

Fin 47 December 31, 2005 Adoption  
 KO Transmission River Project

Main type:	In-service for river portion:	Cinergy's Purchase date:	DOT regulations effective date:	ARO vintage:	Age at 12/31/2005:	Expected Settlement Date:	Inflation rate:	Discount rate:	Obligation 2005 \$:	Inflation factor:	Inflated to Settlement:	\$ Discounted to		Cum Catch	Cum Catch	Depreciation	
												12/31/2005	6/1/1990				
KO																	
Coated steel	1948	6/1/1990	8/19/1970	6/1/1990	57	6/30/2007	2.50%	5.33%	20,000	1.0377	20,755	19,205	8,551	10,654	7,802		
Coated steel	1948	6/1/1990	8/19/1970	6/1/1990	57	6/30/2008	2.50%	5.33%	20,000	1.0637	21,274	18,687	8,320	10,367	7,171		
Coated steel	1948	6/1/1990	8/19/1970	6/1/1990	57	6/30/2009	2.50%	5.33%	20,000	1.0903	21,805	18,185	8,097	10,089	6,613		
Coated steel	1948	6/1/1990	8/19/1970	6/1/1990	57	6/30/2010	2.50%	5.43%	20,000	1.1175	22,351	17,618	7,723	9,895	5,994		
									<u>\$ 80,000</u>			<u>73,695</u>	<u>32,691</u>	<u>41,005</u>	<u>27,580</u>		

Current Month	Discounted to current month	Accretion Exp Entry	Monthly amortization expense
1/31/2006	19,289	84.82	205
1/31/2006	18,769	82.53	217
1/31/2006	18,266	80.32	229
1/31/2006	17,698	79.31	241
	<u>74,022</u>	<u>326.98</u>	<u>147.48</u>

Fin 47 Bare Steel and Cast Iron  
Gas Mains (AMRP Items)  
December 31, 2005 Adoption

Main type:	Vintage (DOT regulations effective date):	Expected Settlement Date:	Inflation rate:	Discount rate:	Footage:	Obligation 2005 \$:	Inflation factor:	Inflated to Settlement 12/31/2005:	8/19/1970	Accretion Cum Catch	ARC Depreciation Cum Catch	
												Discounted
Bare mains and cast iron	8/19/1970	6/30/2006	2.50%	5.33%	383,053	\$ 897,173	1.0124	\$ 908,319	885,245	141,100	744,146	139,150
Bare mains and cast iron	8/19/1970	6/30/2007	2.50%	5.33%	383,053	\$ 897,173	1.0377	\$ 931,027	861,496	137,314	724,181	131,746
Bare mains and cast iron	8/19/1970	6/30/2008	2.50%	5.33%	383,053	\$ 897,173	1.0637	\$ 964,303	838,264	133,611	704,652	124,801
Bare mains and cast iron	8/19/1970	6/30/2009	2.50%	5.33%	383,053	\$ 897,173	1.0903	\$ 997,173	815,774	130,027	685,747	118,329
Bare mains and cast iron	8/19/1970	6/30/2010	2.50%	5.43%	383,053	\$ 897,173	1.1175	\$ 1,002,614	790,340	121,611	668,729	107,897
Bare mains and cast iron	8/19/1970	6/30/2011	2.50%	5.54%	383,053	\$ 897,173	1.1455	\$ 1,027,679	764,176	113,514	650,662	98,250
Bare mains and cast iron	8/19/1970	6/30/2012	2.50%	5.64%	383,053	\$ 897,173	1.1741	\$ 1,053,371	742,086	110,233	631,853	93,126
Bare mains and cast iron	8/19/1970	6/30/2013	2.50%	5.75%	383,053	\$ 897,173	1.2035	\$ 1,079,706	715,378	102,387	612,791	84,646
Bare mains and cast iron	8/19/1970	6/30/2014	2.50%	5.85%	383,053	\$ 897,173	1.2335	\$ 1,106,698	688,260	95,282	592,979	76,827
Bare mains and cast iron	8/19/1970	6/30/2015	2.50%	5.95%	383,053	\$ 897,173	1.2644	\$ 1,134,366	660,854	88,321	572,533	69,628
						<u>\$ 8,971,725</u>			<u>\$ 7,761,874</u>	<u>\$ 1,173,601</u>	<u>\$ 6,588,273</u>	<u>\$ 1,044,400</u>

ULH&P	Current Month	Discouned to current month	Accretion Exp Entry	Monthly Amortization expense	Monthly amortization expense	Monthly amortization expense	Monthly amortization expense	Monthly amortization expense	Monthly amortization expense	Monthly amortization expense	Monthly amortization expense	Monthly amortization expense
Bare mains and cast iron	8/19/1970	6/30/2006	2.50%	5.33%	104,704	\$ 243,960	1.0124	\$ 246,991	240,717	38,568	202,349	37,838
Bare mains and cast iron	8/19/1970	6/30/2007	2.50%	5.33%	104,704	\$ 243,960	1.0377	\$ 253,166	234,259	37,339	196,920	35,824
Bare mains and cast iron	8/19/1970	6/30/2008	2.50%	5.33%	104,704	\$ 243,960	1.0637	\$ 259,485	227,942	36,332	191,610	33,936
Bare mains and cast iron	8/19/1970	6/30/2009	2.50%	5.33%	104,704	\$ 243,960	1.0903	\$ 265,982	221,826	35,357	186,469	32,176
Bare mains and cast iron	8/19/1970	6/30/2010	2.50%	5.43%	104,704	\$ 243,960	1.1175	\$ 272,632	214,910	33,069	181,841	29,339
						<u>\$ 1,219,802</u>			<u>\$ 1,139,653</u>	<u>\$ 180,464</u>	<u>\$ 959,189</u>	<u>\$ 169,114</u>

CGE	Current Month	Discouned to current month	Accretion Exp Entry	Monthly Amortization expense	Monthly amortization expense	Monthly amortization expense	Monthly amortization expense	Monthly amortization expense	Monthly amortization expense	Monthly amortization expense	Monthly amortization expense	Monthly amortization expense
	1/31/2006	889,135	3,910	430	327,86	310,41	3,805	442	84,41	79,96	75,81	71,76
	1/31/2006	865,300	3,702	454	294,06	278,81	3,603	478	231,49	219,43	199,44	181,02
	1/31/2006	841,966	3,603	466	278,81	254,22	3,558	490	231,49	219,43	199,44	181,02
	1/31/2006	819,377	3,558	478	254,22	231,49	3,505	502	219,43	199,44	181,02	164,05
	1/31/2006	793,898	3,505	490	231,49	219,43	3,442	514	199,44	181,02	164,05	149,05
	1/31/2006	767,681	3,404	502	219,43	199,44	3,342	526	181,02	164,05	149,05	134,05
	1/31/2006	745,489	3,342	514	199,44	181,02	3,274	538	164,05	149,05	134,05	119,05
	1/31/2006	691,534	3,199	538	164,05	149,05	3,199	538	164,05	149,05	134,05	119,05
	1/31/2006	664,054	3,199	538	164,05	149,05	3,199	538	164,05	149,05	134,05	119,05
		<u>7,797,175</u>	<u>35,301</u>		<u>2,461</u>							

ULHP	Current Month	Discouned to current month	Accretion Exp Entry	Monthly Amortization expense	Monthly amortization expense	Monthly amortization expense	Monthly amortization expense	Monthly amortization expense	Monthly amortization expense	Monthly amortization expense	Monthly amortization expense	Monthly amortization expense
	1/31/2006	241,780	1,663	430	89,15	84,41	1,035	442	79,96	75,81	71,76	67,61
	1/31/2006	235,293	1,007	454	79,96	75,81	1,007	454	79,96	75,81	71,76	67,61
	1/31/2006	228,948	980	466	75,81	71,76	980	466	75,81	71,76	67,61	63,46
	1/31/2006	222,806	967	478	71,76	67,61	967	478	71,76	67,61	63,46	59,21
	1/31/2006	215,878	967	478	69,13	65,08	967	478	71,76	67,61	63,46	59,21
		<u>1,144,705.05</u>	<u>5,051.67</u>		<u>388.48</u>							

CGE Coated Steel  
 Fin 47 ARO Calculation

DOT Regs Dt: 8/19/1970

\$ Discounted to  
 \$ Discounted to

Avg. Age	Footage	Avg.	Years Old	Age	Expected retirement (settlement)	Vintage	Obligation 2005 \$s	Inflation factor	Inflated to Settlement	Discount rate:	12/31/2005	Vintage	Accretion Cum Catch	ARC Depreciation Cum Catch	
1946 Total	11,398		1946	59.5	6/30/1946	6/30/2006	8/19/1970	\$ 26,557	1.0124	\$ 26,887	5.33%	26,204	4,177	22,028	4,119
1947 Total	1,667		1947	58.5	6/30/1947	6/30/2007	8/19/1970	\$ 3,884	1.0377	\$ 4,031	5.33%	3,730	594	3,135	570
1948 Total	38,668		1948	57.5	6/30/1948	6/30/2008	8/19/1970	\$ 90,096	1.0637	\$ 95,833	5.33%	84,181	13,418	70,763	12,533
1949 Total	31,847		1949	56.5	6/30/1949	6/30/2009	8/19/1970	\$ 74,204	1.0903	\$ 80,902	5.33%	67,471	10,754	56,717	9,787
1950 Total	32,251		1950	55.5	6/30/1950	6/30/2010	8/19/1970	\$ 75,145	1.1175	\$ 83,976	5.43%	66,197	10,186	56,011	9,037
1951 Total	87,097		1951	54.5	6/30/1951	6/30/2011	8/19/1970	\$ 202,936	1.1455	\$ 232,456	5.54%	172,853	25,676	147,176	22,224
1952 Total	32,648		1952	53.5	6/30/1952	6/30/2012	8/19/1970	\$ 76,070	1.1741	\$ 89,314	5.54%	62,920	9,346	53,574	7,896
1953 Total	17,416		1953	52.5	6/30/1953	6/30/2013	8/19/1970	\$ 40,579	1.2035	\$ 48,835	5.64%	32,357	4,640	27,717	3,829
1954 Total	46,665		1954	51.5	6/30/1954	6/30/2014	8/19/1970	\$ 108,729	1.2335	\$ 134,122	5.75%	83,411	11,547	71,864	9,311
1955 Total	72,678		1955	50.5	6/30/1955	6/30/2015	8/19/1970	\$ 169,340	1.2644	\$ 214,109	5.85%	124,735	16,670	108,065	13,142
1956 Total	118,071		1956	49.5	6/30/1956	6/30/2016	8/19/1970	\$ 275,105	1.2960	\$ 356,533	5.96%	194,155	25,050	169,105	19,317
1957 Total	252,687		1957	48.5	6/30/1957	6/30/2017	8/19/1970	\$ 588,761	1.3284	\$ 782,102	6.17%	392,862	47,240	345,622	35,652
1958 Total	208,404		1958	47.5	6/30/1958	6/30/2018	8/19/1970	\$ 485,581	1.3616	\$ 661,166	6.27%	308,952	35,865	273,087	26,502
1959 Total	365,793		1959	46.5	6/30/1959	6/30/2019	8/19/1970	\$ 852,298	1.3956	\$ 1,189,497	6.38%	516,041	57,832	458,209	41,860
1960 Total	598,467		1960	45.5	6/30/1960	6/30/2020	8/19/1970	\$ 1,394,428	1.4305	\$ 1,994,767	6.49%	801,706	86,738	714,968	61,521
1961 Total	657,910		1961	44.5	6/30/1961	6/30/2021	8/19/1970	\$ 1,532,930	1.4663	\$ 2,247,721	6.59%	835,367	87,253	748,113	60,671
1962 Total	395,316		1962	43.5	6/30/1962	6/30/2022	8/19/1970	\$ 921,086	1.5029	\$ 1,384,344	6.59%	482,678	50,415	432,263	34,380
1963 Total	389,230		1963	42.5	6/30/1963	6/30/2023	8/19/1970	\$ 906,906	1.5405	\$ 1,397,108	6.59%	457,007	47,734	409,273	31,936
1964 Total	437,587		1964	41.5	6/30/1964	6/30/2024	8/19/1970	\$ 1,019,578	1.5790	\$ 1,609,948	6.59%	493,978	51,596	442,383	33,878
1965 Total	730,012		1965	40.5	6/30/1965	6/30/2025	8/19/1970	\$ 1,700,928	1.6185	\$ 2,752,969	6.59%	792,458	82,772	709,686	53,358
1966 Total	606,811		1966	39.5	6/30/1966	6/30/2026	8/19/1970	\$ 1,413,870	1.6590	\$ 2,345,571	6.59%	633,436	66,162	567,274	41,888
1967 Total	458,888		1967	38.5	6/30/1967	6/30/2027	8/19/1970	\$ 1,069,209	1.7004	\$ 1,818,133	6.59%	460,637	48,113	412,524	29,926
1968 Total	847,441		1968	37.5	6/30/1968	6/30/2028	8/19/1970	\$ 1,974,538	1.7430	\$ 3,441,536	6.59%	817,878	85,427	732,451	52,214
1969 Total	677,002		1969	36.5	6/30/1969	6/30/2029	8/19/1970	\$ 1,577,415	1.7865	\$ 2,818,102	6.49%	643,175	69,586	573,589	41,810
1970 Total	449,176		1970	35.5	6/30/1970	6/30/2030	8/19/1970	\$ 1,046,580	1.8312	\$ 1,916,493	6.49%	410,762	44,441	366,321	26,256
1971 Total	347,100		1971	34.5	6/30/1971	6/30/2031	6/30/1971	\$ 808,743	1.8770	\$ 1,517,991	6.49%	305,537	34,899	270,638	20,070
1972 Total	221,128		1972	33.5	6/30/1972	6/30/2032	6/30/1972	\$ 515,228	1.9239	\$ 991,247	6.49%	187,332	22,789	164,544	12,725
1973 Total	189,102		1973	32.5	6/30/1973	6/30/2033	6/30/1973	\$ 440,608	1.9720	\$ 868,877	6.49%	154,206	19,976	134,230	10,821
1974 Total	50,214		1974	31.5	6/30/1974	6/30/2034	6/30/1974	\$ 116,999	2.0213	\$ 236,489	6.49%	39,415	5,437	33,978	2,855
1975 Total	65,509		1975	30.5	6/30/1975	6/30/2035	6/30/1975	\$ 152,636	2.0718	\$ 316,236	6.49%	49,497	7,270	42,226	3,696
1976 Total	29,750		1976	29.5	6/30/1976	6/30/2036	6/30/1976	\$ 69,318	2.1236	\$ 147,204	6.49%	21,633	3,384	18,249	1,664
1977 Total	25,743		1977	28.5	6/30/1977	6/30/2037	6/30/1977	\$ 59,981	2.1767	\$ 130,562	6.49%	18,019	3,002	15,017	1,426
1978 Total	58,605		1978	27.5	6/30/1978	6/30/2038	6/30/1978	\$ 136,550	2.2311	\$ 304,661	6.49%	39,486	7,004	32,481	3,211
1979 Total	51,883		1979	26.5	6/30/1979	6/30/2039	6/30/1979	\$ 120,887	2.2869	\$ 276,459	6.49%	33,648	6,356	27,293	2,808
1980 Total	203,156		1980	25.5	6/30/1980	6/30/2040	6/30/1980	\$ 473,353	2.3441	\$ 1,109,581	6.49%	126,803	25,509	101,293	10,843
1981 Total	186,715		1981	24.5	6/30/1981	6/30/2041	6/30/1981	\$ 435,046	2.4027	\$ 1,045,279	6.49%	112,179	24,031	88,148	9,814
1982 Total	121,238		1982	23.5	6/30/1982	6/30/2042	6/30/1982	\$ 282,485	2.4628	\$ 695,690	6.49%	70,114	15,994	54,120	6,265
1983 Total	102,378		1983	22.5	6/30/1983	6/30/2043	6/30/1983	\$ 238,541	2.5243	\$ 602,154	6.49%	56,991	13,844	43,148	5,193

CGE Coated Steel  
 Fin 47 ARO Calculation

1984 Total	157,433	1984	21.5	6/30/1984	6/30/2044	6/30/1984	\$ 366,819	2.5874	\$ 949,119	6.49%	84,345	21,820	62,525	7,820
1985 Total	165,289	1985	20.5	6/30/1985	6/30/2045	6/30/1985	\$ 385,123	2.6521	\$ 1,021,392	6.49%	85,240	23,482	61,758	8,024
1986 Total	408,669	1986	19.5	6/30/1986	6/30/2046	6/30/1986	\$ 952,199	2.7184	\$ 2,588,476	6.49%	202,864	59,509	143,355	19,345
1987 Total	525,605	1987	18.5	6/30/1987	6/30/2047	6/30/1987	\$ 1,224,660	2.7864	\$ 3,412,368	6.49%	251,147	78,450	172,696	24,196
1988 Total	768,187	1988	17.5	6/30/1988	6/30/2048	6/30/1988	\$ 1,789,876	2.8560	\$ 5,111,957	6.49%	353,261	117,524	235,737	34,284
1989 Total	630,384	1989	16.5	6/30/1989	6/30/2049	6/30/1989	\$ 1,468,795	2.9274	\$ 4,299,810	6.49%	279,041	98,853	180,188	27,191
1990 Total	566,865	1990	15.5	6/30/1990	6/30/2050	6/30/1990	\$ 1,320,795	3.0006	\$ 3,963,214	6.49%	241,534	91,114	150,419	23,545
1991 Total	636,656	1991	14.5	6/30/1991	6/30/2051	6/30/1991	\$ 1,483,408	3.0756	\$ 4,562,434	6.49%	261,119	104,891	156,228	25,358
1992 Total	244,995	1992	13.5	6/30/1992	6/30/2052	6/30/1992	\$ 570,838	3.1525	\$ 1,799,587	6.49%	96,705	41,373	55,333	9,311
1993 Total	107,015	1993	12.5	6/30/1993	6/30/2053	6/30/1993	\$ 249,345	3.2313	\$ 805,720	6.49%	40,660	18,524	22,137	3,860
1994 Total	64,770	1994	11.5	6/30/1994	6/30/2054	6/30/1994	\$ 150,914	3.3121	\$ 499,847	6.49%	23,688	11,492	12,197	2,203
1995 Total	49,351	1995	10.5	6/30/1995	6/30/2055	6/30/1995	\$ 114,988	3.3949	\$ 390,376	6.49%	17,374	8,975	8,399	1,571
1996 Total	22,296	1996	9.5	6/30/1996	6/30/2056	6/30/1996	\$ 51,950	3.4798	\$ 180,775	6.49%	7,554	4,156	3,398	658
1997 Total	52,203	1997	8.5	6/30/1997	6/30/2057	6/30/1997	\$ 121,633	3.5668	\$ 433,841	6.49%	17,025	9,974	7,051	1,414
1998 Total	28,724	1998	7.5	6/30/1998	6/30/2058	6/30/1998	\$ 66,927	3.6560	\$ 244,683	6.49%	9,017	5,625	3,392	704
1999 Total	46,266	1999	6.5	6/30/1999	6/30/2059	6/30/1999	\$ 107,800	3.7474	\$ 403,966	6.49%	13,981	9,287	4,693	1,007
2000 Total	33,140	2000	5.5	6/30/2000	6/30/2060	6/30/2000	\$ 77,216	3.8411	\$ 296,592	6.49%	9,638	6,819	2,819	625
2001 Total	89,197	2001	4.5	6/30/2001	6/30/2061	6/30/2001	\$ 207,829	3.9371	\$ 818,242	6.49%	24,969	18,811	6,158	1,412
2002 Total	122,447	2002	3.5	6/30/2002	6/30/2062	6/30/2002	\$ 285,301	4.0355	\$ 1,151,333	6.49%	32,994	26,469	6,525	1,546
2003 Total	183,814	2003	2.5	6/30/2003	6/30/2063	6/30/2003	\$ 428,285	4.1364	\$ 1,771,559	6.49%	47,677	40,728	6,948	1,700
2004 Total	95,627	2004	1.5	6/30/2004	6/30/2064	6/30/2004	\$ 222,812	4.2398	\$ 944,679	6.49%	23,871	21,718	2,153	544
2005 Total	21,818	2005	0.5	6/30/2005	6/30/2065	6/30/2005	\$ 50,835	4.3458	\$ 220,918	6.49%	5,242	5,079	163	43
<b>Grand Total</b>	<b>14,238,401</b>													
							<b>\$33,175,475</b>				<b>\$12,308,955</b>	<b>\$2,007,400</b>	<b>\$10,301,555</b>	<b>\$ 971,366</b>

miles: 2,697

Current Month	Discounted to current month	Accretion Exp Entry	Amortization period	Monthly amortization expense
1/31/2006	26,320	\$ 116	430	9.71
1/31/2006	3,746	\$ 16	442	1.34
1/31/2006	84,552	\$ 372	454	29.53
1/31/2006	67,769	\$ 298	466	23.06
1/31/2006	66,495	\$ 298	478	21.29
1/31/2006	173,646	\$ 793	490	52.36
1/31/2006	63,209	\$ 289	502	18.60
1/31/2006	32,508	\$ 151	514	9.02
1/31/2006	83,808	\$ 397	526	21.94
1/31/2006	125,339	\$ 604	538	30.96
1/31/2006	195,111	\$ 956	550	45.52
1/31/2006	394,864	\$ 2,002	562	84.00
1/31/2006	310,553	\$ 1,601	574	62.44
1/31/2006	518,759	\$ 2,717	586	98.63
1/31/2006	805,996	\$ 4,290	598	144.96

CGE Coated Steel  
 Fin 47 ARO Calculation

1/31/2006	839,908	\$	4,541	610	142.95
1/31/2006	485,302	\$	2,624	622	81.01
1/31/2006	459,491	\$	2,484	634	75.25
1/31/2006	496,663	\$	2,685	646	79.82
1/31/2006	796,766	\$	4,308	658	125.72
1/31/2006	636,879	\$	3,443	670	98.69
1/31/2006	463,141	\$	2,504	682	70.51
1/31/2006	822,324	\$	4,446	694	123.03
1/31/2006	646,617	\$	3,442	706	98.51
1/31/2006	412,960	\$	2,198	718	61.86
1/31/2006	307,172	\$	1,635	720	48.47
1/31/2006	188,335	\$	1,002	720	31.65
1/31/2006	155,031	\$	825	720	27.74
1/31/2006	39,626	\$	211	720	7.55
1/31/2006	49,761	\$	265	720	10.10
1/31/2006	21,749	\$	116	720	4.70
1/31/2006	18,115	\$	96	720	4.17
1/31/2006	39,697	\$	211	720	9.73
1/31/2006	33,828	\$	180	720	8.83
1/31/2006	127,481	\$	679	720	35.43
1/31/2006	112,780	\$	600	720	33.38
1/31/2006	70,490	\$	375	720	22.21
1/31/2006	57,296	\$	305	720	19.23
1/31/2006	84,796	\$	451	720	30.31
1/31/2006	85,696	\$	456	720	32.61
1/31/2006	203,949	\$	1,086	720	82.65
1/31/2006	252,491	\$	1,344	720	108.96
1/31/2006	355,151	\$	1,890	720	163.23
1/31/2006	280,534	\$	1,493	720	137.30
1/31/2006	242,826	\$	1,292	720	126.55
1/31/2006	262,516	\$	1,397	720	145.68
1/31/2006	97,223	\$	517	720	57.46
1/31/2006	40,878	\$	218	720	25.73
1/31/2006	23,815	\$	127	720	15.96
1/31/2006	17,467	\$	93	720	12.46
1/31/2006	7,595	\$	40	720	5.77
1/31/2006	17,116	\$	91	720	13.85
1/31/2006	9,065	\$	48	720	7.81
1/31/2006	14,055	\$	75	720	12.90
1/31/2006	9,689	\$	52	720	9.47
1/31/2006	25,103	\$	134	720	26.13
1/31/2006	33,171	\$	177	720	36.76
1/31/2006	47,932	\$	255	720	56.57
1/31/2006	23,999	\$	128	720	30.16
1/31/2006	5,270	\$	28	720	7.05

CGE Coated Steel  
Fin 47 ARO Calculation

12,374,422

65,467

3,019

CGE Plastic Mains  
 Fin 47 ARO Calculation

DOT Regs Dt: 8/19/1970

Avg. Age	Footage	Avg.	Years Old	Age	Expected retirement (settlement)	Vintage	Obligation 2005 \$s	Inflation factor	Inflated to Settlement	Discount rate:	\$ Discounted		Accretion Cum Catch	ARC Depreciation Cum Catch
											to 12/31/2005	to Vintage		
1966 Total	4,511	1966	39.5	6/30/1966	6/30/2016	8/19/1970	\$ 10,511	1.2960	\$ 13,622	5.96%	7,418	957	6,461	738
1969 Total	72,726	1969	36.5	6/30/1969	6/30/2019	8/19/1970	\$ 169,452	1.3956	\$ 236,493	6.38%	102,598	11,498	91,100	8,323
1970 Total	72,674	1970	35.5	6/30/1970	6/30/2020	8/19/1970	\$ 169,330	1.4305	\$ 242,232	6.49%	97,354	10,533	86,821	7,471
1971 Total	182,194	1971	34.5	6/30/1971	6/30/2021	6/30/1971	\$ 424,512	1.4663	\$ 622,458	6.59%	231,337	25,531	205,805	17,619
1972 Total	179,039	1972	33.5	6/30/1972	6/30/2022	6/30/1972	\$ 417,161	1.5029	\$ 626,971	6.59%	218,606	25,721	192,885	17,235
1973 Total	147,265	1973	32.5	6/30/1973	6/30/2023	6/30/1973	\$ 343,127	1.5405	\$ 528,595	6.59%	172,908	21,685	151,223	14,097
1974 Total	13,688	1974	31.5	6/30/1974	6/30/2024	6/30/1974	\$ 31,893	1.5790	\$ 50,360	6.59%	15,452	2,066	13,386	1,301
1975 Total	10,748	1975	30.5	6/30/1975	6/30/2025	6/30/1975	\$ 25,043	1.6185	\$ 40,532	6.59%	11,667	1,663	10,005	1,014
1976 Total	6,819	1976	29.5	6/30/1976	6/30/2026	6/30/1976	\$ 15,888	1.6590	\$ 26,358	6.59%	7,118	1,081	6,037	638
1977 Total	11,138	1977	28.5	6/30/1977	6/30/2027	6/30/1977	\$ 25,952	1.7004	\$ 44,129	6.59%	11,180	1,810	9,370	1,032
1978 Total	4,387	1978	27.5	6/30/1978	6/30/2028	6/30/1978	\$ 10,222	1.7430	\$ 17,816	6.59%	4,234	731	3,503	402
1979 Total	17,195	1979	26.5	6/30/1979	6/30/2029	6/30/1979	\$ 40,064	1.7865	\$ 71,576	6.49%	16,336	3,086	13,250	1,636
1980 Total	81,025	1980	25.5	6/30/1980	6/30/2030	6/30/1980	\$ 188,788	1.8312	\$ 345,708	6.49%	74,096	14,906	59,190	7,603
1981 Total	20,522	1981	24.5	6/30/1981	6/30/2031	6/30/1981	\$ 47,816	1.8770	\$ 89,750	6.49%	18,065	3,870	14,195	1,897
1982 Total	128	1982	23.5	6/30/1982	6/30/2032	6/30/1982	\$ 298	1.9239	\$ 574	6.49%	108	25	84	12
1983 Total	3,017	1983	22.5	6/30/1983	6/30/2033	6/30/1983	\$ 7,030	1.9720	\$ 13,862	6.49%	2,460	598	1,863	269
1984 Total	4,884	1984	21.5	6/30/1984	6/30/2034	6/30/1984	\$ 11,380	2.0213	\$ 23,002	6.49%	3,834	992	2,842	427
1985 Total	4,425	1985	20.5	6/30/1985	6/30/2035	6/30/1985	\$ 10,310	2.0718	\$ 21,361	6.49%	3,343	921	2,422	378
1986 Total	855	1986	19.5	6/30/1986	6/30/2036	6/30/1986	\$ 1,992	2.1236	\$ 4,231	6.49%	622	182	439	71
1987 Total	6,298	1987	18.5	6/30/1987	6/30/2037	6/30/1987	\$ 14,674	2.1767	\$ 31,942	6.49%	4,408	1,377	3,031	510
1988 Total	9,553	1988	17.5	6/30/1988	6/30/2038	6/30/1988	\$ 22,258	2.2311	\$ 49,662	6.49%	6,436	2,141	4,295	750
1989 Total	7,964	1989	16.5	6/30/1989	6/30/2039	6/30/1989	\$ 18,556	2.2869	\$ 42,436	6.49%	5,165	1,830	3,335	604
1990 Total	27,030	1990	15.5	6/30/1990	6/30/2040	6/30/1990	\$ 62,980	2.3441	\$ 147,630	6.49%	16,871	6,364	10,507	1,973
1991 Total	58,042	1991	14.5	6/30/1991	6/30/2041	6/30/1991	\$ 135,238	2.4027	\$ 324,934	6.49%	34,872	14,008	20,864	4,064
1992 Total	345,417	1992	13.5	6/30/1992	6/30/2042	6/30/1992	\$ 804,822	2.4628	\$ 1,982,078	6.49%	199,762	85,462	114,299	23,081
1993 Total	674,308	1993	12.5	6/30/1993	6/30/2043	6/30/1993	\$ 1,571,138	2.5243	\$ 3,966,059	6.49%	375,372	171,007	204,365	42,766
1994 Total	731,137	1994	11.5	6/30/1994	6/30/2044	6/30/1994	\$ 1,703,549	2.5874	\$ 4,407,816	6.49%	391,708	190,021	201,686	43,721
1995 Total	641,460	1995	10.5	6/30/1995	6/30/2045	6/30/1995	\$ 1,494,602	2.6521	\$ 3,963,859	6.49%	330,802	170,882	159,920	35,902
1996 Total	628,514	1996	9.5	6/30/1996	6/30/2046	6/30/1996	\$ 1,464,438	2.7184	\$ 3,980,956	6.49%	311,995	171,649	140,346	32,625
1997 Total	940,048	1997	8.5	6/30/1997	6/30/2047	6/30/1997	\$ 2,190,312	2.7864	\$ 6,103,042	6.49%	449,178	263,148	186,030	44,756
1998 Total	720,552	1998	7.5	6/30/1998	6/30/2048	6/30/1998	\$ 1,678,886	2.8560	\$ 4,794,966	6.49%	331,355	206,711	124,644	31,024
1999 Total	178,043	1999	6.5	6/30/1999	6/30/2049	6/30/1999	\$ 414,840	2.9274	\$ 1,214,420	6.49%	78,811	52,354	26,457	6,811
2000 Total	675,371	2000	5.5	6/30/2000	6/30/2050	6/30/2000	\$ 1,573,614	3.0006	\$ 4,721,830	6.49%	287,767	203,594	84,173	22,408
2001 Total	853,466	2001	4.5	6/30/2001	6/30/2051	6/30/2001	\$ 1,988,575	3.0756	\$ 6,116,146	6.49%	350,041	263,713	86,328	23,755
2002 Total	942,091	2002	3.5	6/30/2002	6/30/2052	6/30/2002	\$ 2,195,073	3.1525	\$ 6,920,041	6.49%	371,866	298,324	73,542	20,909
2003 Total	867,098	2003	2.5	6/30/2003	6/30/2053	6/30/2003	\$ 2,020,337	3.2313	\$ 6,528,411	6.49%	329,455	281,440	48,014	14,101
2004 Total	1,024,395	2004	1.5	6/30/2004	6/30/2054	6/30/2004	\$ 2,386,839	3.3121	\$ 7,905,524	6.49%	374,654	340,867	33,787	10,247



CGE Plastic Mains  
 Fin 47 ARO Calculation

2005 Total	795,930	2005	0.5	6/30/2005	6/30/2055	6/30/2005	\$ 1,854,516	3.3949	\$ 6,295,960	6.49%	280,203	271,466	8,737	2,735
	<u>10,963,956</u>						<u>\$25,546,017</u>				<u>\$ 5,529,456</u>	<u>\$3,124,214</u>	<u>\$ 2,405,242</u>	<u>\$ 444,902</u>
miles:	2,077													

Current Month	Discounted to current month	Accretion Exp Entry	Monthly Amortization on period	Monthly amortization expense
1/31/2006	7,454	\$ 37	550	1.74
1/31/2006	103,138	\$ 540	586	19.61
1/31/2006	97,875	\$ 521	598	17.60
1/31/2006	232,594	\$ 1,258	600	42.55
1/31/2006	219,794	\$ 1,188	600	42.99
1/31/2006	173,848	\$ 940	600	36.14
1/31/2006	15,536	\$ 84	600	3.44
1/31/2006	11,731	\$ 63	600	2.77
1/31/2006	7,157	\$ 39	600	1.80
1/31/2006	11,241	\$ 61	600	3.02
1/31/2006	4,257	\$ 23	600	1.22
1/31/2006	16,423	\$ 87	600	5.14
1/31/2006	74,492	\$ 396	600	24.84
1/31/2006	18,161	\$ 97	600	6.45
1/31/2006	109	\$ 1	600	0.04
1/31/2006	2,473	\$ 13	600	1.00
1/31/2006	3,854	\$ 21	600	1.65
1/31/2006	3,361	\$ 18	600	1.54
1/31/2006	625	\$ 3	600	0.30
1/31/2006	4,432	\$ 24	600	2.30
1/31/2006	6,471	\$ 34	600	3.57
1/31/2006	5,193	\$ 28	600	3.05
1/31/2006	16,961	\$ 90	600	10.61
1/31/2006	35,059	\$ 187	600	23.35
1/31/2006	200,831	\$ 1,069	600	142.44
1/31/2006	377,380	\$ 2,009	600	285.01
1/31/2006	393,804	\$ 2,096	600	316.70
1/31/2006	332,572	\$ 1,770	600	284.80
1/31/2006	313,665	\$ 1,669	600	286.08
1/31/2006	451,581	\$ 2,404	600	438.58
1/31/2006	333,128	\$ 1,773	600	344.52
1/31/2006	79,233	\$ 422	600	87.26
1/31/2006	289,306	\$ 1,540	600	339.32
1/31/2006	351,914	\$ 1,873	600	439.52

CGE Plastic Mains  
 Fin 47 ARO Calculation

1/31/2006	373,855	\$	1,990	600	497.21
1/31/2006	331,218	\$	1,763	600	469.07
1/31/2006	376,658	\$	2,005	600	568.11
1/31/2006	281,702	\$	1,499	600	452.44
	5,559,089		29,633		5,169

ULHP Coated Steel Mains  
 Fin 47 ARO Calculation

DOT Regs Dr: 8/19/1970

\$ Discounted \$ Discounted  
 to to

Avg. Age	Footage	Avg. Age	Years Old	Expected retirement (settlement)	Vintage	Obligation 2005 \$s	Inflation factor	Inflated to Settlement	Discount rate:	12/31/2005	Vintage	Accretion Cum Catch	ARC Depreciate n Cum Catch
1924 Total	163	1924	81.5	6/30/1924	8/19/1970	\$ 380	1.0124	\$ 385	5.33%	375	60	315	59
1941 Total	82	1941	64.5	6/30/1941	8/19/1970	\$ 191	1.0124	\$ 193	5.33%	189	30	158	30
1946 Total	2,608	1946	59.5	6/30/1946	8/19/1970	\$ 6,077	1.0124	\$ 6,152	5.33%	5,996	956	5,040	942
1947 Total	1,067	1947	58.5	6/30/1947	8/19/1970	\$ 2,486	1.0124	\$ 2,517	5.33%	2,453	391	2,062	386
1948 Total	2,776	1948	57.5	6/30/1948	8/19/1970	\$ 6,468	1.0124	\$ 6,548	5.33%	6,382	1,017	5,365	1,003
1949 Total	16	1949	56.5	6/30/1949	8/19/1970	\$ 37	1.0124	\$ 38	5.33%	37	6	31	6
1950 Total	634	1950	55.5	6/30/1950	8/19/1970	\$ 1,477	1.0124	\$ 1,496	5.33%	1,458	232	1,225	229
1951 Total	113	1951	54.5	6/30/1951	8/19/1970	\$ 263	1.0124	\$ 267	5.33%	260	41	218	41
1952 Total	383	1952	53.5	6/30/1952	8/19/1970	\$ 892	1.0124	\$ 903	5.33%	881	140	740	138
1953 Total	14,993	1953	52.5	6/30/1953	8/19/1970	\$ 34,934	1.0124	\$ 35,368	5.33%	34,469	5,494	28,975	5,418
1954 Total	4,079	1954	51.5	6/30/1954	8/19/1970	\$ 9,504	1.0377	\$ 9,863	5.33%	9,126	1,455	7,672	1,396
1955 Total	69,259	1955	50.5	6/30/1955	8/19/1970	\$ 161,373	1.0377	\$ 167,463	5.33%	147,121	23,450	123,671	21,905
1956 Total	9,827	1956	49.5	6/30/1956	8/19/1970	\$ 22,897	1.0903	\$ 24,964	5.33%	20,820	3,318	17,501	3,020
1957 Total	14,526	1957	48.5	6/30/1957	8/19/1970	\$ 33,846	1.1175	\$ 37,823	5.43%	29,815	4,588	25,228	4,070
1958 Total	51,120	1958	47.5	6/30/1958	8/19/1970	\$ 119,110	1.1455	\$ 136,436	5.54%	101,453	15,070	86,383	13,044
1959 Total	35,569	1959	46.5	6/30/1959	8/19/1970	\$ 82,876	1.2035	\$ 94,931	5.64%	66,888	9,936	56,952	8,394
1960 Total	62,539	1960	45.5	6/30/1960	8/19/1970	\$ 145,716	1.2644	\$ 175,362	5.75%	116,189	16,662	99,527	13,748
1961 Total	36,145	1961	44.5	6/30/1961	8/19/1970	\$ 84,218	1.2335	\$ 103,886	5.85%	42,129	8,944	36,499	7,212
1962 Total	24,547	1962	43.5	6/30/1962	8/19/1970	\$ 57,195	1.2644	\$ 72,315	5.85%	106,736	14,265	92,471	4,439
1963 Total	65,830	1963	42.5	6/30/1963	8/19/1970	\$ 153,384	1.2644	\$ 193,935	6.17%	114,774	13,801	100,973	10,416
1964 Total	73,822	1964	41.5	6/30/1964	8/19/1970	\$ 172,005	1.3284	\$ 228,489	6.27%	157,301	14,080	149,228	10,191
1965 Total	375,928	1965	40.5	6/30/1965	8/19/1970	\$ 875,912	1.3616	\$ 1,192,639	6.38%	557,301	64,694	492,606	47,805
1966 Total	89,055	1966	39.5	6/30/1966	8/19/1970	\$ 207,498	1.3956	\$ 289,592	6.38%	125,634	15,663	111,554	11,110
1967 Total	105,389	1967	38.5	6/30/1967	8/19/1970	\$ 245,556	1.4663	\$ 342,707	6.59%	139,761	29,466	124,099	12,381
1968 Total	222,180	1968	37.5	6/30/1968	8/19/1970	\$ 517,679	1.5029	\$ 759,068	6.59%	282,108	20,207	252,642	20,489
1969 Total	158,444	1969	36.5	6/30/1969	8/19/1970	\$ 369,175	1.5405	\$ 541,607	6.59%	193,459	18,505	173,253	13,780
1970 Total	150,890	1970	35.5	6/30/1970	8/19/1970	\$ 351,574	1.5405	\$ 282,871	6.59%	177,165	9,581	158,660	6,237
1971 Total	78,807	1971	34.5	6/30/1971	8/19/1970	\$ 183,620	1.6185	\$ 276,989	6.59%	86,808	79,733	77,228	5,930
1972 Total	73,450	1972	33.5	6/30/1972	8/19/1970	\$ 171,139	1.6590	\$ 230,360	6.59%	79,733	3,128	70,352	5,930
1973 Total	23,894	1973	32.5	6/30/1973	8/19/1970	\$ 55,673	1.6590	\$ 92,360	6.59%	24,942	21,814	21,814	1,918
1974 Total	35,078	1974	31.5	6/30/1974	8/19/1970	\$ 81,732	1.7004	\$ 138,980	6.59%	35,212	4,707	30,505	2,798
1975 Total	78,922	1975	30.5	6/30/1975	8/19/1970	\$ 183,888	1.7004	\$ 312,692	6.59%	74,324	10,591	63,733	6,096
1976 Total	10,987	1976	29.5	6/30/1976	8/19/1970	\$ 25,600	1.7865	\$ 45,735	6.49%	10,438	1,633	8,805	909
1977 Total	9,898	1977	28.5	6/30/1977	8/19/1970	\$ 23,062	1.8312	\$ 42,232	6.49%	9,052	1,508	7,544	811
1978 Total	16,803	1978	27.5	6/30/1978	8/19/1970	\$ 39,151	1.8770	\$ 73,485	6.49%	14,791	2,624	12,167	1,362
1979 Total	35,388	1979	26.5	6/30/1979	8/19/1970	\$ 82,454	1.8770	\$ 154,764	6.49%	29,253	5,526	23,728	2,763
1980 Total	65,188	1980	25.5	6/30/1980	8/19/1970	\$ 151,888	1.9720	\$ 299,523	6.49%	53,158	10,694	42,464	5,146
1981 Total	39,691	1981	24.5	6/30/1981	8/19/1970	\$ 92,480	2.0213	\$ 186,930	6.49%	31,155	6,674	24,481	3,086

ULHP Coated Steel Mains  
 Fin 47 ARO Calculation

1982 Total	43,777	1982	23.5	6/30/1982	6/30/2035	6/30/1982	\$ 102,000	2.0718	\$ 211,327	6.49%	33,077	7,545	25,531	3,346						
1983 Total	49,823	1983	22.5	6/30/1983	6/29/2036	6/30/1983	\$ 116,088	2.0718	\$ 240,514	6.49%	35,352	8,587	26,765	3,646						
1984 Total	25,122	1984	21.5	6/30/1984	6/30/2037	6/30/1984	\$ 58,534	2.1767	\$ 127,412	6.49%	17,584	4,549	13,035	1,846						
1985 Total	48,824	1985	20.5	6/30/1985	6/30/2038	6/30/1985	\$ 113,760	2.2311	\$ 253,814	6.49%	32,896	9,062	23,833	3,506						
1986 Total	67,235	1986	19.5	6/30/1986	6/30/2039	6/30/1986	\$ 156,658	2.2869	\$ 358,262	6.49%	43,605	12,791	30,814	4,707						
1987 Total	140,344	1987	18.5	6/30/1987	6/29/2040	6/30/1987	\$ 327,002	2.2869	\$ 747,824	6.49%	85,476	26,700	58,776	9,323						
1988 Total	176,099	1988	17.5	6/30/1988	6/30/2041	6/30/1988	\$ 410,311	2.4027	\$ 985,848	6.49%	105,801	35,198	70,603	11,624						
1989 Total	190,511	1989	16.5	6/30/1989	6/30/2042	6/30/1989	\$ 443,891	2.4628	\$ 1,093,194	6.49%	110,176	39,031	71,145	12,154						
1990 Total	276,251	1990	15.5	6/30/1990	6/30/2043	6/30/1990	\$ 643,665	2.5243	\$ 1,624,818	6.49%	153,783	58,012	95,771	16,971						
1991 Total	171,336	1991	14.5	6/30/1991	6/29/2044	6/30/1991	\$ 399,213	2.5243	\$ 1,007,742	6.49%	89,570	35,980	53,590	9,847						
1992 Total	63,920	1992	13.5	6/30/1992	6/30/2045	6/30/1992	\$ 148,934	2.6521	\$ 394,989	6.49%	32,964	14,103	18,861	3,593						
1993 Total	22,262	1993	12.5	6/30/1993	6/30/2046	6/30/1993	\$ 51,870	2.7184	\$ 141,006	6.49%	11,051	5,034	6,016	1,188						
1994 Total	2,392	1994	11.5	6/30/1994	6/30/2047	6/30/1994	\$ 5,573	2.7864	\$ 15,530	6.49%	1,143	554	588	120						
1995 Total	231	1995	10.5	6/30/1995	6/29/2048	6/30/1995	\$ 538	2.7864	\$ 1,500	6.49%	104	54	50	11						
1996 Total	3,970	1996	9.5	6/30/1996	6/30/2049	6/30/1996	\$ 9,250	2.9274	\$ 27,079	6.49%	1,757	967	791	173						
1997 Total	3,446	1997	8.5	6/30/1997	6/30/2050	6/30/1997	\$ 8,029	3.0006	\$ 24,093	6.49%	1,468	860	608	138						
1998 Total	6,275	1998	7.5	6/30/1998	6/30/2051	6/30/1998	\$ 14,621	3.0756	\$ 44,968	6.49%	2,574	1,606	968	227						
1999 Total	42,640	1999	6.5	6/30/1999	6/29/2052	6/30/1999	\$ 99,351	3.0756	\$ 305,569	6.49%	16,423	10,910	5,513	1,339						
2000 Total	15,337	2000	5.5	6/30/2000	6/30/2053	6/30/2000	\$ 35,735	3.2313	\$ 115,473	6.49%	5,827	4,123	1,705	428						
2001 Total	22,748	2001	4.5	6/30/2001	6/30/2054	6/30/2001	\$ 53,002	3.3121	\$ 175,551	6.49%	8,320	6,268	2,052	533						
2002 Total	16,124	2002	3.5	6/30/2002	6/30/2055	6/30/2002	\$ 37,569	3.3949	\$ 127,543	6.49%	5,676	4,554	1,123	301						
2003 Total	29,863	2003	2.5	6/30/2003	6/29/2056	6/30/2003	\$ 69,581	3.3949	\$ 236,222	6.49%	9,873	8,434	1,439	399						
2004 Total	8,143	2004	1.5	6/30/2004	6/30/2057	6/30/2004	\$ 18,974	3.5668	\$ 67,677	6.49%	2,656	2,416	240	69						
2005 Total	18,891	2005	0.5	6/30/2005	6/30/2058	6/30/2005	\$ 44,016	3.6560	\$ 160,921	6.49%	5,930	5,745	185	55						
											<u>3,485,654</u>			<u>\$8,121,574</u>			<u>\$ 3,609,536</u>	<u>\$ 657,230</u>	<u>\$ 2,952,306</u>	<u>\$ 345,251</u>

miles: 660

Current Month	Discounted to current month	Accretion Exp Entry	Amortization period	Monthly amortization expense
1/31/2006	376	\$ 2	430	0.14
1/31/2006	189	\$ 1	430	0.07
1/31/2006	6,022	\$ 26	430	2.22
1/31/2006	2,464	\$ 11	430	0.91
1/31/2006	6,410	\$ 28	430	2.36
1/31/2006	37	\$ 0	430	0.01
1/31/2006	1,464	\$ 6	430	0.54
1/31/2006	261	\$ 1	430	0.10
1/31/2006	884	\$ 4	430	0.33
1/31/2006	34,621	\$ 152	430	12.77
1/31/2006	9,166	\$ 40	442	3.29
1/31/2006	147,771	\$ 650	454	51.61
1/31/2006	20,911	\$ 92	466	7.12
1/31/2006	29,950	\$ 134	478	9.59

ULHP Coated Steel Mains  
 Fin 47 ARO Calculation

1/31/2006	101,918	\$	465	490	30.73
1/31/2006	67,194	\$	307	502	19.78
1/31/2006	116,732	\$	543	514	32.39
1/31/2006	64,914	\$	307	526	16.99
1/31/2006	42,333	\$	204	538	10.46
1/31/2006	107,253	\$	517	550	25.92
1/31/2006	115,359	\$	585	562	24.54
1/31/2006	560,188	\$	2,887	574	112.64
1/31/2006	126,296	\$	662	586	24.01
1/31/2006	140,497	\$	736	598	26.18
1/31/2006	283,642	\$	1,534	610	48.28
1/31/2006	194,511	\$	1,052	622	32.47
1/31/2006	178,128	\$	963	634	29.17
1/31/2006	87,280	\$	472	636	15.06
1/31/2006	80,166	\$	433	636	14.75
1/31/2006	25,078	\$	136	636	4.92
1/31/2006	35,403	\$	191	636	7.40
1/31/2006	74,728	\$	404	636	16.65
1/31/2006	10,494	\$	56	636	2.57
1/31/2006	9,100	\$	48	636	2.37
1/31/2006	14,870	\$	79	636	4.13
1/31/2006	29,410	\$	157	636	8.69
1/31/2006	53,443	\$	284	636	16.81
1/31/2006	31,322	\$	167	636	10.49
1/31/2006	33,254	\$	177	636	11.86
1/31/2006	35,541	\$	189	636	13.50
1/31/2006	17,678	\$	94	636	7.15
1/31/2006	33,072	\$	176	636	14.25
1/31/2006	43,838	\$	233	636	20.11
1/31/2006	85,933	\$	457	636	41.98
1/31/2006	106,367	\$	566	636	55.34
1/31/2006	110,766	\$	590	636	61.37
1/31/2006	154,605	\$	823	636	91.21
1/31/2006	90,049	\$	479	636	56.58
1/31/2006	33,140	\$	176	636	22.17
1/31/2006	11,110	\$	59	636	7.92
1/31/2006	1,149	\$	6	636	0.87
1/31/2006	104	\$	1	636	0.08
1/31/2006	1,767	\$	9	636	1.52
1/31/2006	1,476	\$	8	636	1.35
1/31/2006	2,587	\$	14	636	2.52
1/31/2006	16,511	\$	88	636	17.15
1/31/2006	5,858	\$	31	636	6.48
1/31/2006	8,364	\$	45	636	9.86
1/31/2006	5,707	\$	30	636	7.16

**ULHP Coated Steel Mains  
Fin 47 ARO Calculation**

1/31/2006	9,926	\$	53	636	13.26
1/31/2006	2,670	\$	14	636	3.80
1/31/2006	5,962	\$	32	636	9.03
	3,628,223	\$	18,687		<u>1,105.01</u>

ULHP Plastic Mains  
 Fin 47 ARO Calculation

DOT Regs Dt: 8/19/1970

\$ Discounted to  
 \$ Discounted to

Avg. Age	Footage	Avg.	Years Old	Age	Expected retirement (settlement)	Vintage	Obligation 2005 \$s	Inflation factor	Inflated to Settlement	Discount rate:	12/31/2005	Vintage	Accretion Cum Catch	ARC Depreciation Cum Catch
1965 Total	592	1965	40.5	6/30/1965	6/30/2015	8/19/1970	\$ 1,379	1.2644	\$ 1,744	5.85%	1,016	136	880	107
1968 Total	3,762	1968	37.5	6/30/1968	6/30/2018	8/19/1970	\$ 8,765	1.3616	\$ 11,935	6.27%	5,577	647	4,930	478
1970 Total	33,236	1970	35.5	6/30/1970	6/30/2020	8/19/1970	\$ 77,440	1.4305	\$ 110,780	6.49%	44,523	4,817	39,706	3,417
1971 Total	50,664	1971	34.5	6/30/1971	6/30/2021	6/30/1971	\$ 118,047	1.4663	\$ 173,091	6.59%	64,329	7,100	57,230	4,899
1972 Total	44,242	1972	33.5	6/30/1972	6/30/2022	6/30/1972	\$ 103,084	1.5029	\$ 154,930	6.59%	54,019	6,356	47,663	4,259
1973 Total	28,637	1973	32.5	6/30/1973	6/30/2023	6/30/1973	\$ 66,724	1.5405	\$ 102,790	6.59%	33,624	4,217	29,407	2,741
1974 Total	10,679	1974	31.5	6/30/1974	6/30/2024	6/30/1974	\$ 24,882	1.5790	\$ 39,290	6.59%	12,055	1,612	10,444	1,015
1975 Total	7,031	1975	30.5	6/30/1975	6/30/2025	6/30/1975	\$ 16,382	1.6185	\$ 26,515	6.59%	7,632	1,088	6,545	664
1976 Total	3,214	1976	29.5	6/30/1976	6/30/2026	6/30/1976	\$ 7,489	1.6590	\$ 12,423	6.59%	3,355	510	2,845	301
1977 Total	746	1977	28.5	6/30/1977	6/30/2027	6/30/1977	\$ 1,738	1.7004	\$ 2,956	6.59%	749	121	628	69
1978 Total	7,535	1978	27.5	6/30/1978	6/30/2028	6/30/1978	\$ 17,557	1.7430	\$ 30,600	6.59%	7,272	1,255	6,017	690
1979 Total	8,783	1979	26.5	6/30/1979	6/30/2029	6/30/1979	\$ 20,464	1.7865	\$ 36,560	6.49%	8,344	1,576	6,768	835
1980 Total	12,817	1980	25.5	6/30/1980	6/30/2030	6/30/1980	\$ 29,864	1.8312	\$ 54,686	6.49%	11,721	2,358	9,363	1,203
1981 Total	3,149	1981	24.5	6/30/1981	6/30/2031	6/30/1981	\$ 7,337	1.8770	\$ 13,772	6.49%	2,772	594	2,178	291
1983 Total	1,295	1983	22.5	6/30/1983	6/30/2033	6/30/1983	\$ 3,017	1.9720	\$ 5,950	6.49%	1,056	257	800	115
1984 Total	4,344	1984	21.5	6/30/1984	6/30/2034	6/30/1984	\$ 10,122	2.0213	\$ 20,459	6.49%	3,410	882	2,528	379
1986 Total	1,664	1986	19.5	6/30/1986	6/30/2036	6/30/1986	\$ 3,877	2.1236	\$ 8,234	6.49%	1,210	355	855	138
1987 Total	3,019	1987	18.5	6/30/1987	6/30/2037	6/30/1987	\$ 7,034	2.1767	\$ 15,312	6.49%	2,113	660	1,453	244
1988 Total	585	1988	17.5	6/30/1988	6/30/2038	6/30/1988	\$ 1,363	2.2311	\$ 3,041	6.49%	394	131	263	46
1989 Total	2,787	1989	16.5	6/30/1989	6/30/2039	6/30/1989	\$ 6,494	2.2869	\$ 14,851	6.49%	1,807	640	1,167	211
1990 Total	2,583	1990	15.5	6/30/1990	6/30/2040	6/30/1990	\$ 6,018	2.3441	\$ 14,108	6.49%	1,612	608	1,004	189
1991 Total	10,044	1991	14.5	6/30/1991	6/30/2041	6/30/1991	\$ 23,403	2.4027	\$ 56,229	6.49%	6,034	2,424	3,610	703
1992 Total	79,828	1992	13.5	6/30/1992	6/30/2042	6/30/1992	\$ 185,999	2.4628	\$ 458,070	6.49%	46,166	19,751	26,415	5,334
1993 Total	138,683	1993	12.5	6/30/1993	6/30/2043	6/30/1993	\$ 323,131	2.5243	\$ 815,688	6.49%	77,202	35,170	42,031	8,796
1994 Total	186,769	1994	11.5	6/30/1994	6/30/2044	6/30/1994	\$ 435,172	2.5874	\$ 1,125,977	6.49%	100,062	48,541	51,521	11,168
1995 Total	160,937	1995	10.5	6/30/1995	6/30/2045	6/30/1995	\$ 374,983	2.6521	\$ 994,499	6.49%	82,995	42,873	40,122	9,007
1996 Total	194,077	1996	9.5	6/30/1996	6/30/2046	6/30/1996	\$ 452,199	2.7184	\$ 1,229,268	6.49%	96,340	53,003	43,337	10,074
1997 Total	236,363	1997	8.5	6/30/1997	6/30/2047	6/30/1997	\$ 550,726	2.7864	\$ 1,534,532	6.49%	112,940	66,165	46,775	11,253
1998 Total	173,172	1998	7.5	6/30/1998	6/30/2048	6/30/1998	\$ 403,491	2.8560	\$ 1,152,386	6.49%	79,635	49,679	29,956	7,456
1999 Total	186,042	1999	6.5	6/30/1999	6/30/2049	6/30/1999	\$ 433,478	2.9274	\$ 1,268,981	6.49%	82,352	54,706	27,646	7,117
2000 Total	194,065	2000	5.5	6/30/2000	6/30/2050	6/30/2000	\$ 452,171	3.0006	\$ 1,356,798	6.49%	82,689	58,502	24,187	6,439
2001 Total	278,069	2001	4.5	6/30/2001	6/30/2051	6/30/2001	\$ 647,900	3.0756	\$ 1,992,710	6.49%	114,047	85,921	28,127	7,740
2002 Total	290,520	2002	3.5	6/30/2002	6/30/2052	6/30/2002	\$ 676,912	3.1525	\$ 2,133,987	6.49%	114,675	91,996	22,679	6,448
2003 Total	332,353	2003	2.5	6/30/2003	6/30/2053	6/30/2003	\$ 774,382	3.2313	\$ 2,502,296	6.49%	126,278	107,874	18,404	5,405
2004 Total	259,982	2004	1.5	6/30/2004	6/30/2054	6/30/2004	\$ 605,758	3.3121	\$ 2,006,351	6.49%	95,084	86,509	8,575	2,601
2005 Total	203,100	2005	0.5	6/30/2005	6/30/2055	6/30/2005	\$ 473,223	3.3949	\$ 1,606,562	6.49%	71,500	69,271	2,229	698

ULHP Plastic Mains  
 Fin 47 ARO Calculation

3,155,368

\$7,352,007

\$21,088,358

\$ 1,556,591   \$ 908,305   \$ 648,287   \$ 122,533

miles: 598

Current Month	Discounted to current month	Accretion Entry	Exp	Monthly amortization on period expense
1/31/2006	1,021	\$	5	0.25
1/31/2006	5,606	\$	29	1.13
1/31/2006	44,761	\$	238	8.05
1/31/2006	64,679	\$	350	11.83
1/31/2006	54,313	\$	294	10.59
1/31/2006	33,806	\$	183	7.03
1/31/2006	12,121	\$	66	2.69
1/31/2006	7,674	\$	41	1.81
1/31/2006	3,373	\$	18	0.85
1/31/2006	753	\$	4	0.20
1/31/2006	7312	\$	40	2.09
1/31/2006	8,389	\$	45	2.63
1/31/2006	11,784	\$	63	3.93
1/31/2006	2,787	\$	15	0.99
1/31/2006	1,062	\$	6	0.43
1/31/2006	3,428	\$	18	1.47
1/31/2006	1,216	\$	6	0.59
1/31/2006	2,124	\$	11	1.10
1/31/2006	396	\$	2	0.22
1/31/2006	1,817	\$	10	1.07
1/31/2006	1,621	\$	9	1.01
1/31/2006	6,067	\$	32	4.04
1/31/2006	46,413	\$	247	32.92
1/31/2006	77,615	\$	413	58.62
1/31/2006	100,597	\$	535	80.90
1/31/2006	83,440	\$	444	71.45
1/31/2006	96,856	\$	516	88.34
1/31/2006	113,544	\$	604	110.28
1/31/2006	80,061	\$	426	82.80
1/31/2006	82,793	\$	441	91.18
1/31/2006	83,131	\$	442	97.50
1/31/2006	114,658	\$	610	143.20
1/31/2006	115,289	\$	614	153.33
1/31/2006	126,954	\$	676	179.79
1/31/2006	95,593	\$	509	144.18



ULHP Plastic Mains  
Fin 47 ARO Calculation

1/31/2006      71,883      \$      383  
1,564,935      8,343

600      115.45  
1,513.94

Infl Factors and Disc Rates

Assumed rate of inflation: 2.50% a

Inflation Factors			Discount Rates CGE, PSI, and ULHP			
	# Periods Into Future	Factor	b		c	Discount Rate
			Risk-free Rate	Credit Spread		
2006	0.5	1.0124	2006	4.47%	0.68%	5.20%
2007	1.5	1.0377	2007	4.46%	0.68%	5.20%
2008	2.5	1.0637	2008	4.44%	0.68%	5.20%
2009	3.5	1.0903	2009	4.45%	0.73%	5.20%
2010	4.5	1.1175	2010	4.42%	0.80%	5.30%
2011	5.5	1.1455	2011	4.43%	0.88%	5.40%
2012	6.5	1.1741	2012	4.44%	0.93%	5.40%
2013	7.5	1.2035	2013	4.46%	0.98%	5.50%
2014	8.5	1.2335	2014	4.49%	1.02%	5.60%
2015	9.5	1.2644	2015	4.58%	1.06%	5.70%
2016	10.5	1.2960	2016	4.63%	1.10%	5.80%
2017	11.5	1.3284	2017	4.69%	1.23%	6.00%
2018	12.5	1.3616	2018	4.73%	1.35%	6.10%
2019	13.5	1.3956	2019	4.76%	1.40%	6.20%
2020	14.5	1.4305	2020	4.80%	1.45%	6.30%
2021	15.5	1.4663	2021	4.83%	1.50%	6.40%
2022	16.5	1.5029	2022	4.83%	1.50%	6.40%
2023	17.5	1.5405	2023	4.83%	1.51%	6.40%
2024	18.5	1.5790	2024	4.83%	1.51%	6.40%
2025	19.5	1.6185	2025	4.83%	1.51%	6.40%
2026	20.5	1.6590	2026	4.81%	1.52%	6.40%
2027	21.5	1.7004	2027	4.80%	1.52%	6.40%
2028	22.5	1.7430	2028	4.78%	1.52%	6.40%
2029	23.5	1.7865	2029	4.76%	1.53%	6.30%
2030	24.5	1.8312	2030	4.74%	1.53%	6.30%
2031	25.5	1.8770	2031	4.74%	1.53%	6.30%
2032	26.5	1.9239	2032	4.74%	1.54%	6.30%
2033	27.5	1.9720	2033	4.74%	1.54%	6.30%
2034	28.5	2.0213	2034	4.74%	1.54%	6.30%
2035	29.5	2.0718	2035	4.74%	1.55%	6.30%
2036	30.5	2.1236	2036	4.74%	1.55%	6.30%
2037	31.5	2.1767	2037	4.74%	1.55%	6.30%
2038	32.5	2.2311	2038	4.74%	1.55%	6.30%
2039	33.5	2.2869	2039	4.74%	1.55%	6.30%
2040	34.5	2.3441	2040	4.74%	1.55%	6.30%
2041	35.5	2.4027	2041	4.74%	1.55%	6.30%
2042	36.5	2.4628	2042	4.74%	1.55%	6.30%
2043	37.5	2.5243	2043	4.74%	1.55%	6.30%
2044	38.5	2.5874	2044	4.74%	1.55%	6.30%
2045	39.5	2.6521	2045	4.74%	1.55%	6.30%
2046	40.5	2.7184	2046	4.74%	1.55%	6.30%
2047	41.5	2.7864	2047	4.74%	1.55%	6.30%
2048	42.5	2.8560	2048	4.74%	1.55%	6.30%
2049	43.5	2.9274	2049	4.74%	1.55%	6.30%
2050	44.5	3.0006	2050	4.74%	1.55%	6.30%

Infl Factors and Disc Rates

Assumed rate of inflation: 2.50% a

Inflation Factors			Discount Rates			
			CGE, PSI, and ULHP			
			b		c	
			Risk-free	Credit	Discount	
			Rate	Spread	Rate	
# Periods Into Future	Factor					
2051	45.5	3.0756	2051	4.74%	1.55%	6.30%
2052	46.5	3.1525	2052	4.74%	1.55%	6.30%
2053	47.5	3.2313	2053	4.74%	1.55%	6.30%
2054	48.5	3.3121	2054	4.74%	1.55%	6.30%
2055	49.5	3.3949	2055	4.74%	1.55%	6.30%
2056	50.5	3.4798	2056	4.74%	1.55%	6.30%
2057	51.5	3.5668	2057	4.74%	1.55%	6.30%
2058	52.5	3.6560	2058	4.74%	1.55%	6.30%
2059	53.5	3.7474	2059	4.74%	1.55%	6.30%
2060	54.5	3.8411	2060	4.74%	1.55%	6.30%
2061	55.5	3.9371	2061	4.74%	1.55%	6.30%
2062	56.5	4.0355	2062	4.74%	1.55%	6.30%
2063	57.5	4.1364	2063	4.74%	1.55%	6.30%
2064	58.5	4.2398	2064	4.74%	1.55%	6.30%
2065	59.5	4.3458	2065	4.74%	1.55%	6.30%
2066	60.5	4.4544	2066	4.74%	1.55%	6.30%
2067	61.5	4.5658	2067	4.74%	1.55%	6.30%
2068	62.5	4.6800	2068	4.74%	1.55%	6.30%
2069	63.5	4.7970	2069	4.74%	1.55%	6.30%
2070	64.5	4.9169	2070	4.74%	1.55%	6.30%
2071	65.5	5.0398	2071	4.74%	1.55%	6.30%
2072	66.5	5.1658	2072	4.74%	1.55%	6.30%
2073	67.5	5.2949	2073	4.74%	1.55%	6.30%
2074	68.5	5.4273	2074	4.74%	1.55%	6.30%
2075	69.5	5.5630	2075	4.74%	1.55%	6.30%
2076	70.5	5.7021	2076	4.74%	1.55%	6.30%
2077	71.5	5.8446	2077	4.74%	1.55%	6.30%
2078	72.5	5.9907	2078	4.74%	1.55%	6.30%
2079	73.5	6.1405	2079	4.74%	1.55%	6.30%
2080	74.5	6.2940	2080	4.74%	1.55%	6.30%
2081	75.5	6.4514	2081	4.74%	1.55%	6.30%

a Rate of inflation obtained from Jon Gomez, Manager - Power Operations Financial Analysis. Rate based on historical CPI.

b Rate obtained from Bloomberg report run by Ed Bowen, Treasury. Average of bid and ask price used, where different, from an approximate midpoint of each year. Interpolated where necessary.

c Credit spread obtained from Barclays Capital report provided by Larry Riffe, Treasury. Interpolated where necessary. Midpoint used when reoffer spread was a range.

**Welles, Sarah**

**From:** Riffe, Larry  
**Sent:** Tuesday, December 13, 2005 8:12 AM  
**To:** Melendez, Brenda; Glenn, Erica; Sheppard, Amy  
**Cc:** Vogt, Chris; Bowen, Ed; Bowman, Donald  
**Subject:** RE: Request for Risk free rate information

**Attachments:** CIN Spreads 11-14-05.pdf



CIN Spreads  
11-14-05.pdf

This should give you what you need.

---

**From:** Melendez, Brenda  
**Sent:** Monday, December 12, 2005 4:49 PM  
**To:** Riffe, Larry  
**Cc:** Vogt, Chris  
**Subject:** FW: Request for Risk free rate information

Larry and Chris,

Would you be able to provide this information to us as soon as possible? We're in process of making these calculations and these rates are necessary to finalize the numbers. Thanks.

---

**From:** Glenn, Erica  
**Sent:** Friday, November 11, 2005 10:57 AM  
**To:** Vogt, Chris  
**Cc:** Sheppard, Amy; Reynolds, Jaime  
**Subject:** Request for Risk free rate information

Chris,

During the original adoption of SFAS 143, *Accounting for Asset Retirement Obligations* (AROs), you provided Christa Barnhart with risk-free rate and credit spread information. You may recall that this credit-adjusted risk-free rate information is used to determine the present value of our future AROs. This year the FASB issued an interpretation on the original standard, FIN 47, *Accounting for Conditional Asset Retirement Obligations*. This interpretation must be adopted as of December 31, 2005.

We are still working on pulling all of the data together regarding the adoption of this interpretation. I was hoping you could again provide the risk free rate and credit spread information as of a recent date (whatever is most convenient for pulling the rates). We will have to update the rate information again at year end, however, this preliminary information will help us do some initial calculations in the meantime.

For the SFAS 143 adoption, the risk-free rates were pulled from a Bloomberg report for government securities. The credit spread information for the utilities was pulled from a schedule provided by JP Morgan. (Interpolation will be used where necessary.)

*I would appreciate the credit-adjusted risk-free rate information for CG&E, PSI and ULH&P for periods going out through 2042. I don't know if Bloomberg has any exporting capabilities, but to the extent this information can be in Excel so much the better.*

I have attached an example of the format we will end up with to use this information in case it is helpful.

Thank you,

**Erica Glenn**

Cinergy Corp.

Accounting Research

(317) 838-2280

<< File: Disct Rts Example.xls >>



## Secondary Trading Levels

Issuer	Moody's	S&P	Amt	Cpn	Mty	Spread	Libor	11/14/05
FirstEnergy Corp	Baa2	BBB	200	6.50%	02/05	+72	+28	
Duke Capital Corp	Baa3	BBB	200	6.50%	03/05	+75	+32	
Duke Capital Corp	Baa3	BBB	200	6.50%	03/15	+70	+30	
Duke Capital Corp	Baa3	BBB	250	6.75%	02/15	+100	+100	
Constellation Energy Grp	Baa1	BBB	550	4.550%	06/15	+118	+64	
Constellation Energy Grp	Baa1	BBB	700	7.600%	04/32	+165	+110	
Dominion Resources Inc	Baa1	BBB+	500	5.150%	07/15	+111	+58	
Dominion Resources Inc	Baa1	BBB+	500	5.950%	06/35	+153	+97	
Exelon Corporation	Baa2	BBB	400	4.450%	06/10	+88	+38	
Exelon Corporation	Baa2	BBB	800	4.900%	06/15	+110	+56	
Exelon Corporation	Baa2	BBB	500	5.625%	06/35	+150	+94	
DTE Energy Co	Baa2	BBB	600	7.050%	06/11	+93	+41	
DTE Energy Co	Baa2	BBB-	400	6.375%	04/33	+162	+107	
Progress Energy Inc	Baa2	BBB-	450	6.850%	04/12	+100	+54	
Progress Energy Inc	Baa2	BBB-	650	7.750%	03/31	+165	+110	
American Electric Power	Baa2	BBB	500	5.375%	03/10	+75	+26	
American Electric Power	Baa2	BBB	300	5.250%	06/15	+92	+38	
FirstEnergy Corp	Baa3	BBB	1500	6.450%	11/11	+86	+35	
FirstEnergy Corp	Baa3	BBB	1500	7.375%	11/31	+150	+95	

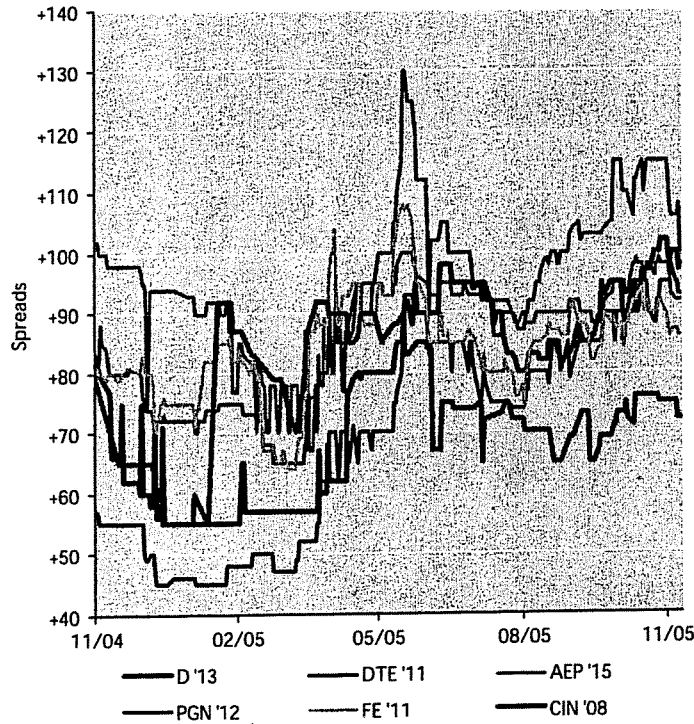
↓ negative outlook ↓ negative watch ↔ outlook forming ↑ positive outlook ↑ positive watch \*secured

Issuer	Moody's	S&P	Amt	Cpn	Mty	Spread	Libor	11/14/05
Baltimore Gas & Electric	A2	BBB+	200	5.200%	06/33	+110	+55	
Virginia Electric & Power	A3	BBB-	400	4.750%	03/13	+77	+28	
Consolidated Natural Gas	A3	BBB+	200	5.000%	12/14	+95	+43	
Commonwealth Edison*	A3	A-	600	6.150%	03/12	+85	+40	
Commonwealth Edison*	A3	A-	350	5.875%	02/33	+132	+77	
Detroit Edison Company*	A3	BBB+	200	4.800%	02/15	+88	+35	
Detroit Edison Company*	A3	BBB+	200	5.450%	02/35	+127	+71	
Michigan Consolidated Gas*	A3	BBB	200	5.700%	03/33	+137	+82	
Carolina Power & Light*	A3	BBB	300	5.150%	04/15	+84	+30	
Carolina Power & Light*	A3	BBB-	200	5.700%	04/35	+113	+59	
Ohio Power Company	A3	BBB	250	5.500%	02/13	+82	+34	
AEP Texas Central	Baa2	BBB	275	5.500%	02/13	+87	+39	
Columbus Southern Power	A3	BBB	250	6.600%	03/33	+132	+77	
Ohio Edison	Baa2	BBB-	175	4.000%	05/08	+68	+24	
Ohio Edison	Baa2	BBB-	150	5.450%	05/15	+100	+47	

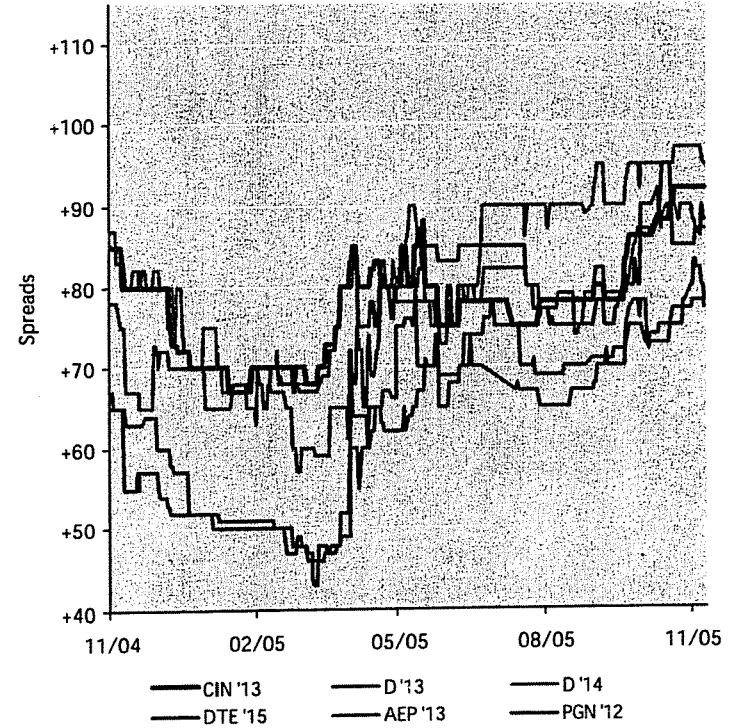


## Recent Trading Activity

Holding Company Trading History



Operating Company Trading History





**Indicative New Issue Pricing – Cinergy Notes (Baa2/BBB↓)**

Fixed Rate Issuance	2 Years	3 Years	5 Years	7 Years	10 Years	12 Years	15 Years	20 Years	30 Years
Benchmark	4.25% 10/07	4.375% 11/08	4.5% 11/10	4.375% 8/12	4.25% 8/15	4.25% 8/15	4.25% 8/15	5.375% 2/31	5.375% 2/31
Benchmark Yield	4.430%	4.460%	4.480%	4.530%	4.560%	4.580%	4.560%	4.740%	4.740%
Reoffer Spread	+70 area	+75 area	+90 area	+100 area	+110 - 115	+130 area	+145 area	+150 area	+160 area
Reoffer Yield	5.13% area	5.21% area	5.38% area	5.53% area	5.66% - 5.71%	5.86% area	6.01% area	6.24% area	6.34% area
Underwriting Commission	0.250%	0.350%	0.600%	0.625%	0.650%	0.675%	0.750%	0.875%	0.875%
All-in Yield	5.26% area	5.34% area	5.52% area	5.64% area	5.75% - 5.80%	5.94% area	6.09% area	6.32% area	6.41% area
<b>Swapped to LIBOR Levels</b>									
Swap Spread	+42	+43	+48	+47	+51	+56	+61	+49	+52
Reoffer versus LIBOR	\$1+.28 area	\$1+.32 area	\$1+.42 area	\$1+.53 area	\$1+.59 - 64	\$1+.74 area	\$1+.84 area	\$1+.101 area	\$1+.108 area
All-in versus LIBOR	\$1+.41 area	\$1+.45 area	\$1+.56 area	\$1+.64 area	\$1+.68 - 73	\$1+.82 area	\$1+.92 area	\$1+.109 area	\$1+.115 area

Floating Rate Issuance	2Yr NCL	2Yr NC 6m	3Yr NCL	3Yr NC 6m
Reoffer vs LIBOR	\$1+.30 area	\$1+.33 area	\$1+.35 area	\$1+.40 area
Underwriting Commission	0.250%	0.250%	0.350%	0.350%
All-in vs LIBOR	\$1+.43 area	\$1+.46 area	\$1+.48 area	\$1+.53 area

Benchmark and reoffer spreads as of 11/14/2005.





**Indicative New Issue Pricing: CG&E/PSI/ULH&P Notes (Baa1/BBB)**

Fixed Rate Issuance	2 Years	3 Years	5 Years	7 Years	10 Years	12 Years	15 Years	30 Years
Benchmark	4.25% 10/07	4.375% 11/08	4.5% 11/10	4.375% 8/12	4.25% 8/15	4.25% 8/15	4.25% 8/15	5.375% 2/31
Benchmark Yield	4.430%	4.460%	4.480%	4.530%	4.560%	4.560%	4.560%	4.740%
Reoffer Spread	+60 - 65	+65 - 70	+80 area	+90 area	+100 area	+115 area	+130 area	+145 area
Reoffer Yield	5.03% - 5.08%	5.11% - 5.16%	5.28% area	5.43% area	5.56% area	5.71% area	5.86% area	6.19% area
Underwriting Commission	0.250%	0.350%	0.600%	0.625%	0.650%	0.675%	0.750%	0.875%
All-in Yield	5.16% - 5.21%	5.24% - 5.29%	5.42% area	5.54% area	5.65% area	5.79% area	5.94% area	6.25% area
Swapped to LIBOR Levels								
Swap Spread	+42	+43	+48	+47	+51	+56	+61	+52
Reoffer versus LIBOR	\$L+18 - 23	\$L+22 - 27	\$L+32 area	\$L+43 area	\$L+49 area	\$L+59 area	\$L+69 area	\$L+93 area
All-in versus LIBOR	\$L+31 - 36	\$L+35 - 40	\$L+46 area	\$L+54 area	\$L+58 area	\$L+67 area	\$L+77 area	\$L+99 area

Floating Rate Issuance	2Yr NCL	2Yr NC 6m	3Yr NCL	3Yr NC 6m
Reoffer vs LIBOR	\$L + 25 area	\$L + 28 - 30	\$L + 30 area	\$L + 35 area
Underwriting Commission	0.250%	0.250%	0.350%	0.350%
All-in vs LIBOR	\$L + 38 area	\$L + 41 - 43	\$L + 43 area	\$L + 48 area

Benchmark and reoffer spreads as of 11/14/2005.

**Welles, Sarah**

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**From:** Jett, Joseph  
**Sent:** Friday, October 14, 2005 1:04 PM  
**To:** Reynolds, Jaime; Sheppard, Amy; Glenn, Erica; Melendez, Brenda  
**Cc:** Vance, Brian; Ruhlman, Steve  
**Subject:** Real Estate Services.Asbestos.doc

**Attachments:** Real Estate Services.Asbestos.doc



Real Estate  
Services.Asbestos...

Attached is a brief history of all asbestos related work in Real Estate Services for 2004 and 2005. We can discuss this at the meeting Monday.

**Real Estate Services  
Asbestos Removal Projects 2005/04**

**Plainfield**

2005

Asbestos Abatement Stores Building Reed City Office-\$400.00

Asbestos removal elbow & pipe insulation basement west air handler room-\$800.00

2004

Asbestos remediation Old Photo area basement 70's-\$2,400.00

Removal & disposal of 42 asbestos fitting Basement 70's Air Handler Rm-\$630.00

**Districts East**

2005

Brecon #7 - Floor tile - \$2,000

Dana - Insulation around ductwork - \$2,400

Hartwell- Insulation around pipe elbows- \$500

2004

Queensgate- Duct insulation-\$8,500

**District West**

2005

Terre Haute: \$750.00 removal of pipe insulation to make needed repairs.

2004

Attica: \$2,600.00 to removal insulation from water pipes and water heater prior to replacement of the water heater

**4<sup>th</sup> and Main**

2005

Remove pipe insulation \$6,700

2004

Floor tile on 15<sup>th</sup> floor- \$1,500

**Welles, Sarah**

**From:** Glenn, Erica  
**Sent:** Thursday, October 13, 2005 3:22 PM  
**To:** Sheppard, Amy; Melendez, Brenda; Reynolds, Jaime  
**Subject:** Fin 46 - storage tanks

Team,

FYI - I revisited the original 143 adoption documentation again regarding the issue of underground storage tanks mentioned in our meeting today. These AROs were reviewed at that time and were determined to be immaterial.

Also, I left a message for Tammy Jett. I will let you know when I hear back.

Thanks,

**Erica Glenn**  
Cinergy Corp.  
Accounting Research  
(317) 838-2280

**Welles, Sarah**

**From:** Melendez, Brenda  
**Sent:** Thursday, January 26, 2006 8:21 PM  
**To:** Dean, James; Reynolds, Jaime  
**Subject:** FW: Fin 47 - Gas Main ARO

**Importance:** High

**Attachments:** DRAFT Gas Main ARO data 2005 - 1-26-06.xls

This is the calculation support.

---

**From:** Glenn, Erica  
**Sent:** Thursday, January 26, 2006 4:07 PM  
**To:** Wozny, David; Pate, Gwen  
**Cc:** Ritchie, Brett; Melendez, Brenda  
**Subject:** FW: Fin 47 - Gas Main ARO  
**Importance:** High

Dave and Gwen,

Attached is the gas main ARO data which has just been sent to D&T for review. I believe you will be most interested in the first tab which details the high level entries.

Thank you,  
Erica

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**From:** Glenn, Erica  
**Sent:** Thursday, January 26, 2006 4:05 PM  
**To:** Karageorges, Carolyn - smtp; Deloitte Auditors  
**Subject:** Fin 47 - Gas Main ARO  
**Importance:** High

Carolyn,

Attached is a draft of our gas main ARO calculation for review. I will call you to discuss.

Thank you,

**Erica Glenn**

Cinergy Corp.  
Accounting Research  
(317) 838-2280



DRAFT Gas Main  
ARO data 2005 -...

Fin 47 Gas Mains  
December 31, 2005 Adoption Entries

<b>Total CG&amp;E (and Cinergy) Consolidated</b>			
<u>CG&amp;E Consolidated Mains 12/31/05 Adoption entry:</u>			
dr. ARC	8,083,902		
dr. COR	26,952,404		
dr. Cum effect	68,585		
cr. ARC Accum dep		3,125,144	
cr. ARO		31,979,747	

**CG&E Standalone**

CG&E Bare Steel and Cast Iron 12/31/05 Adoption entry:

dr. ARC	1,173,599		
dr. COR	7,632,664		
cr. ARC Accum dep		1,044,399	
cr. ARO		7,761,864	

CG&E Coated Steel 12/31/05 Adoption entry:

dr. ARC	2,007,400		
dr. COR	11,272,921		
cr. ARC Accum dep		971,366	
cr. ARO		12,308,955	

CG&E Plastic 12/31/05 Adoption entry:

dr. ARC	3,124,214		
dr. COR	2,850,144		
cr. ARC Accum dep		444,902	
cr. ARO		5,529,456	

**Total CG&E Standalone**

CG&E Mains 12/31/05 Adoption Entry:

dr. ARC	6,305,213		
dr. COR	21,755,729		
cr. ARC Accum dep		2,460,667	
cr. ARO		25,600,275	

**ULH&P**

ULH&P Bare Steel and Cast Iron 12/31/05 Adoption entry:

dr. ARC	180,463		
dr. COR	1,128,299		
cr. ARC Accum dep		169,113	
cr. ARO		1,139,649	

ULH&P Coated Steel 12/31/05 Adoption entry:

dr. ARC	657,230		
dr. COR	3,297,557		
cr. ARC Accum dep		345,251	
cr. ARO		3,609,536	

ULH&P Plastic 12/31/05 Adoption entry:

dr. ARC	908,305		
dr. COR	770,819		
cr. ARC Accum dep		122,533	
cr. ARO		1,556,591	

**Total ULH&P**

CG&E Mains 12/31/05 Adoption Entry:

dr. ARC	1,745,998		
dr. COR	5,196,675		
cr. ARC Accum dep		636,896	
cr. ARO		6,305,777	

**KO Transmission**

KO 12/31/05 River Project Adoption entry:

dr. ARC	32,691		
dr. Cum effect	68,585		
cr. ARC Accum dep		27,580	
cr. ARO		73,695	



Gas Mains Summary Data  
 CGE and ULHP

<u>Main type:</u>	<u>Miles:</u>	<u>% of total</u>	<u>Average in-service:</u>	<u>DOT regulations effective date:</u>	<u>ARO vintage</u>	<u>Life per Spanos' study:</u>	<u>Expected Settlement Date:</u>	<u>Obligation 2005 \$s</u>
<b>CG&amp;E</b>								
Bare steel (1)	142	3%	1924	8/19/1970	8/19/1970	N/A	2006-2015	1,749,021
Cast Iron (1)	587	11%	1927	8/19/1970	8/19/1970	N/A	2006-2015	7,222,702
Coated steel	2,697	49%	N/A	8/19/1970	dependent on in-service date		60 service date	33,175,475
Plastic	2,077	38%	N/A	8/19/1970	dependent on in-service date		50 service date	25,546,017
	<u>5,502</u>							<u>67,693,215</u>
<b>ULH&amp;P</b>								
Bare steel (2)	19	1%	1927	8/19/1970	8/19/1970	N/A	2006-2010	233,387
Cast Iron (2)	80	6%	1930	8/19/1970	8/19/1970	N/A	2006-2010	986,410
Coated steel	660	49%	N/A	8/19/1970	dependent on in-service date		53 service date	8,121,574
Plastic	598	44%	N/A	8/19/1970	dependent on in-service date		50 service date	7,352,007
	<u>1,357</u>							<u>16,693,378</u>
<b>Total</b>	<u><u>6,859</u></u>							<u><u>84,386,593</u></u>

- (1) Will be removed over next 10 years with AMRP program.  
 (2) Will be removed over next 5 years with AMRP program.



Fin 47 Bare Steel and Cast Iron  
 Gas Mains (AMRP items)  
 December 31, 2005 Adoption

Main type:	Vintage (DOT regulations effective date):	Expected Settlement Date:	Inflation rate:	Discount rate:	Footage:	Obligation 2005 \$s	Inflation factor	Inflated to Settlement	\$ Discounted to		Accretion Cum Catch	ARC Depreciation Cum Catch	\$ Discounted to							
									12/31/2005	8/19/1970			9/30/2005	6/30/2005	3/31/2005	12/31/2004	12/31/2003	12/31/2002		
<b>CG&amp;E</b>																				
Bare mains and cast iron	8/19/1970	6/30/2006	2.50%	5.33%	385,053	\$ 897,172	1.0124	\$ 908,318	885,244	141,100	744,145	139,150	873,742	862,389	851,305	840,482	797,870	757,527		
Bare mains and cast iron	8/19/1970	6/30/2007	2.50%	5.33%	385,053	\$ 897,172	1.0377	\$ 931,026	861,494	137,314	724,180	131,746	850,301	839,252	828,465	817,933	776,465	737,203		
Bare mains and cast iron	8/19/1970	6/30/2008	2.50%	5.33%	385,053	\$ 897,172	1.0637	\$ 954,301	838,263	133,611	704,651	124,800	827,371	816,620	806,124	795,876	755,526	717,323		
Bare mains and cast iron	8/19/1970	6/30/2009	2.50%	5.33%	385,053	\$ 897,172	1.0903	\$ 978,159	815,773	130,027	685,747	118,329	805,174	794,712	784,497	774,524	735,256	698,078		
Bare mains and cast iron	8/19/1970	6/30/2010	2.50%	5.43%	385,053	\$ 897,172	1.1175	\$ 1,002,613	790,339	121,611	668,728	107,896	779,874	769,548	759,468	749,629	710,914	674,295		
Bare mains and cast iron	8/19/1970	6/30/2011	2.50%	5.54%	385,053	\$ 897,172	1.1455	\$ 1,027,678	764,175	113,514	650,661	98,250	753,868	743,699	733,776	724,092	686,010	650,027		
Bare mains and cast iron	8/19/1970	6/30/2012	2.50%	5.54%	385,053	\$ 897,172	1.1741	\$ 1,053,370	742,085	110,233	631,852	93,126	732,075	722,200	712,564	703,160	666,179	631,236		
Bare mains and cast iron	8/19/1970	6/30/2013	2.50%	5.64%	385,053	\$ 897,172	1.2035	\$ 1,079,704	715,377	102,587	612,790	84,646	705,551	695,859	686,404	677,179	640,924	606,701		
Bare mains and cast iron	8/19/1970	6/30/2014	2.50%	5.75%	385,053	\$ 897,172	1.2335	\$ 1,106,697	688,259	95,282	592,978	76,827	678,635	669,145	659,889	650,861	615,401	581,961		
Bare mains and cast iron	8/19/1970	6/30/2015	2.50%	5.85%	385,053	\$ 897,172	1.2644	\$ 1,134,364	660,853	88,321	572,532	69,628	651,449	642,178	633,138	624,322	589,719	557,120		
									<u>\$ 8,971,723</u>		<u>\$ 7,761,864</u>	<u>\$ 1,173,599</u>	<u>\$ 6,588,265</u>	<u>\$ 1,044,399</u>	<u>\$ 7,658,039</u>	<u>\$ 7,555,604</u>	<u>\$ 7,455,631</u>	<u>\$ 7,358,060</u>	<u>\$ 6,974,263</u>	<u>\$ 6,611,471</u>
<b>CG&amp;E Bare Main and Cast Iron 12/31/05 Adoption entry:</b>																				
dr. ARC																				
dr. COR																				
cr. ARC Accum dep																				
cr. ARO																				
<b>ULH&amp;P</b>																				
Bare mains and cast iron	8/19/1970	6/30/2006	2.50%	5.33%	104,704	\$ 243,959	1.0124	\$ 246,990	240,716	38,368	202,348	37,838	237,588	234,501	231,487	228,544	216,957	205,987		
Bare mains and cast iron	8/19/1970	6/30/2007	2.50%	5.33%	104,704	\$ 243,959	1.0377	\$ 253,165	234,258	37,339	196,919	35,824	231,214	228,210	225,277	222,413	211,137	200,461		
Bare mains and cast iron	8/19/1970	6/30/2008	2.50%	5.33%	104,704	\$ 243,959	1.0637	\$ 259,494	227,941	36,332	191,609	33,936	224,979	222,056	219,202	216,415	205,443	195,055		
Bare mains and cast iron	8/19/1970	6/30/2009	2.50%	5.33%	104,704	\$ 243,959	1.0903	\$ 265,981	221,825	35,357	186,468	32,176	218,943	216,098	213,321	210,609	199,931	189,822		
Bare mains and cast iron	8/19/1970	6/30/2010	2.50%	5.43%	104,704	\$ 243,959	1.1175	\$ 272,631	214,909	33,069	181,841	29,339	212,064	209,256	206,515	203,839	193,312	183,354		
									<u>\$ 1,219,797</u>		<u>\$ 1,139,649</u>	<u>\$ 180,463</u>	<u>\$ 959,186</u>	<u>\$ 169,113</u>	<u>\$ 1,124,788</u>	<u>\$ 1,110,121</u>	<u>\$ 1,095,801</u>	<u>\$ 1,081,820</u>	<u>\$ 1,026,779</u>	<u>\$ 974,678</u>
<b>ULH&amp;P Bare Steel and Cast Iron 12/31/05 Adoption entry:</b>																				
dr. ARC																				
dr. COR																				
cr. ARC Accum dep																				
cr. ARO																				

CGE Coated Steel  
Fin 47 ARO Calculation

DOT Regs Dt:		8/19/1970												\$ Discounted to		\$ Discounted to		\$ Discounted to		\$ Discounted to		\$ Discounted to		\$ Discounted to	
Avg. Age	Footage	Avg.	Years Old	Age	Expected retirement (settlement)	Vintage	Obligation 2005 \$s	Inflation factor	Inflated to Settlement	Discount rate:	12/31/2005	Vintage	Accretion Cum Catch	ARC Depreciation Cum Catch	9/30/2005	6/30/2005	3/31/2005	12/31/2004	12/31/2003	12/31/2002	12/31/2001	12/31/2000	12/31/1999		
1946 Total	11,398	1946	59.5	6/30/1946	6/30/2006	8/19/1970	\$ 26,557	1.0124	\$ 26,887	5.33%	26,204	4,177	22,028	4,119	25,864	25,528	25,200	24,879	23,618	22,424					
1947 Total	1,667	1947	58.5	6/30/1947	6/30/2007	8/19/1970	\$ 3,884	1.0377	\$ 4,031	5.33%	3,730	594	3,135	570	3,681	3,633	3,587	3,541	3,362	3,192					
1948 Total	38,668	1948	57.5	6/30/1948	6/30/2008	8/19/1970	\$ 90,096	1.0637	\$ 95,833	5.33%	84,181	13,418	70,763	12,533	83,087	82,007	80,953	79,924	75,872	72,035					
1949 Total	31,847	1949	56.5	6/30/1949	6/30/2009	8/19/1970	\$ 74,204	1.0903	\$ 80,902	5.33%	67,471	10,754	56,717	9,787	66,594	65,729	64,884	64,059	60,812	57,737					
1950 Total	32,251	1950	55.5	6/30/1950	6/30/2010	8/19/1970	\$ 75,145	1.1175	\$ 83,976	5.43%	66,197	10,186	56,011	9,037	65,320	64,455	63,611	62,787	59,544	56,477					
1951 Total	87,097	1951	54.5	6/30/1951	6/30/2011	8/19/1970	\$ 202,936	1.1455	\$ 232,456	5.54%	172,853	25,676	147,176	22,224	170,521	168,221	165,977	163,786	155,172	147,033					
1952 Total	32,648	1952	53.5	6/30/1952	6/30/2012	8/19/1970	\$ 76,070	1.1741	\$ 89,314	5.54%	62,920	9,346	53,574	7,896	62,072	61,234	60,417	59,620	56,484	53,521					
1953 Total	17,416	1953	52.5	6/30/1953	6/30/2013	8/19/1970	\$ 40,579	1.2035	\$ 48,835	5.64%	32,357	4,640	27,717	3,829	31,912	31,474	31,046	30,629	28,989	27,441					
1954 Total	46,665	1954	51.5	6/30/1954	6/30/2014	8/19/1970	\$ 108,729	1.2335	\$ 134,122	5.75%	83,411	11,547	71,864	9,311	82,245	81,095	79,973	78,879	74,581	70,529					
1955 Total	72,678	1955	50.5	6/30/1955	6/30/2015	8/19/1970	\$ 169,340	1.2644	\$ 214,109	5.85%	124,735	16,670	108,065	13,142	122,960	121,210	119,504	117,840	111,308	105,155					
1956 Total	118,071	1956	49.5	6/30/1956	6/30/2016	8/19/1970	\$ 275,105	1.2960	\$ 356,533	5.96%	194,155	25,500	169,105	19,317	191,344	188,574	185,873	183,240	172,911	163,190					
1957 Total	252,687	1957	48.5	6/30/1957	6/30/2017	8/19/1970	\$ 588,761	1.3284	\$ 782,102	6.17%	392,862	47,240	345,622	35,652	386,980	381,186	375,540	370,039	348,484	328,239					
1958 Total	208,404	1958	47.5	6/30/1958	6/30/2018	8/19/1970	\$ 485,581	1.3616	\$ 661,166	6.27%	308,952	35,865	273,087	26,502	304,250	299,619	295,109	290,714	273,507	257,362					
1959 Total	365,793	1959	46.5	6/30/1959	6/30/2019	8/19/1970	\$ 852,298	1.3956	\$ 1,189,497	6.38%	516,041	57,852	458,209	41,860	500,202	492,549	485,096	478,588	455,929	428,588					
1960 Total	598,467	1960	45.5	6/30/1960	6/30/2020	8/19/1970	\$ 1,394,428	1.4305	\$ 1,994,767	6.49%	801,706	86,738	714,968	61,521	789,108	776,709	764,636	752,881	706,907	663,855					
1961 Total	657,910	1961	44.5	6/30/1961	6/30/2021	8/19/1970	\$ 1,532,930	1.4663	\$ 2,247,721	6.59%	835,367	87,253	748,113	60,671	822,034	808,915	796,144	783,711	735,122	689,665					
1962 Total	395,316	1962	43.5	6/30/1962	6/30/2022	8/19/1970	\$ 921,086	1.5029	\$ 1,384,344	6.59%	482,678	50,415	432,263	34,380	474,975	467,394	460,015	452,832	424,756	398,491					
1963 Total	389,230	1963	42.5	6/30/1963	6/30/2023	8/19/1970	\$ 906,906	1.5405	\$ 1,397,108	6.59%	457,007	47,734	409,273	31,936	449,713	442,536	435,549	428,748	402,165	377,297					
1964 Total	437,587	1964	41.5	6/30/1964	6/30/2024	8/19/1970	\$ 1,019,578	1.5790	\$ 1,609,948	6.59%	493,978	51,596	442,383	33,878	486,094	478,336	470,874	463,433	434,700	407,820					
1965 Total	730,012	1965	40.5	6/30/1965	6/30/2025	8/19/1970	\$ 1,700,928	1.6185	\$ 2,752,969	6.59%	792,458	82,772	709,686	53,358	779,810	767,365	755,250	743,456	697,362	654,240					
1966 Total	606,811	1966	39.5	6/30/1966	6/30/2026	8/19/1970	\$ 1,413,870	1.6590	\$ 2,345,571	6.59%	633,436	66,162	567,274	41,888	623,326	613,378	603,694	594,267	557,423	522,954					
1967 Total	458,888	1967	38.5	6/30/1967	6/30/2027	8/19/1970	\$ 1,069,209	1.7004	\$ 1,818,133	6.59%	460,637	48,113	412,524	29,926	453,285	446,051	439,009	432,153	400,294	382,294					
1968 Total	847,441	1968	37.5	6/30/1968	6/30/2028	8/19/1970	\$ 1,974,538	1.7430	\$ 3,441,536	6.59%	817,878	85,427	732,451	52,214	804,824	791,979	779,476	767,304	719,731	675,226					
1969 Total	677,002	1969	36.5	6/30/1969	6/30/2029	8/19/1970	\$ 1,577,415	1.7865	\$ 2,818,102	6.49%	643,175	69,586	573,589	41,810	633,069	623,121	613,436	604,005	567,122	532,583					
1970 Total	449,176	1970	35.5	6/30/1970	6/30/2030	8/19/1970	\$ 1,046,580	1.8312	\$ 1,916,493	6.49%	410,762	44,441	366,321	26,256	404,308	397,955	391,769	385,746	362,191	340,133					
1971 Total	347,100	1971	34.5	6/30/1971	6/30/2031	6/30/1971	\$ 808,743	1.8770	\$ 1,517,991	6.49%	305,537	34,899	270,638	20,070	300,736	296,010	291,409	286,929	269,408	253,001					
1972 Total	221,128	1972	33.5	6/30/1972	6/30/2032	6/30/1972	\$ 515,228	1.9239	\$ 991,247	6.49%	187,332	22,789	164,544	12,725	184,389	181,491	178,670	175,924	165,181	155,121					
1973 Total	189,102	1973	32.5	6/30/1973	6/30/2033	6/30/1973	\$ 440,608	1.9720	\$ 868,877	6.49%	154,206	19,976	134,230	10,821	151,783	149,398	147,075	144,814	135,971	127,690					
1974 Total	50,214	1974	31.5	6/30/1974	6/30/2034	6/30/1974	\$ 116,999	2.0213	\$ 236,489	6.49%	39,415	5,437	33,978	2,855	38,796	38,186	37,593	37,015	34,754	32,638					
1975 Total	65,509	1975	30.5	6/30/1975	6/30/2035	6/30/1975	\$ 152,636	2.0718	\$ 316,236	6.49%	49,497	7,270	42,226	3,696	48,719	47,953	47,208	46,482	43,644	40,986					
1976 Total	29,750	1976	29.5	6/30/1976	6/30/2036	6/30/1976	\$ 69,318	2.1236	\$ 147,204	6.49%	21,633	3,384	18,249	1,664	21,293	20,959	20,633	20,316	19,075	17,913					
1977 Total	25,743	1977	28.5	6/30/1977	6/30/2037	6/30/1977	\$ 59,981	2.1767	\$ 130,562	6.49%	18,019	3,002	15,017	1,426	17,736	17,457	17,186	16,922	15,888	14,921					
1978 Total	58,605	1978	27.5	6/30/1978	6/30/2038	6/30/1978	\$ 136,550	2.2311	\$ 304,661	6.49%	39,486	7,004	32,481	3,211	38,865	38,254	37,660	37,081	34,817	32,696					
1979 Total	51,883	1979	26.5	6/30/1979	6/30/2039	6/30/1979	\$ 120,887	2.2869	\$ 276,459	6.49%	33,648	6,356	27,293	2,808	33,120	32,599	32,092	31,599	29,670	27,863					
1980 Total	203,156	1980	25.5	6/30/1980	6/30/2040	6/30/1980	\$ 473,353	2.3441	\$ 1,109,581	6.49%	126,803	25,509	101,293	10,843	124,810	122,849	120,939	119,080	111,809	104,999					
1981 Total	186,715	1981	24.5	6/30/1981	6/30/2041	6/30/1981	\$ 435,046	2.4027	\$ 1,045,279	6.49%	112,179	24,031	88,148	9,814	110,417	108,682	106,992	105,347	98,915	92,890					
1982 Total	121,238	1982	23.5	6/30/1982	6/30/2042	6/30/1982	\$ 282,485	2.4628	\$ 695,690	6.49%	70,114	15,994	54,120	6,265	69,013	67,928	66,872	65,844	61,824	58,058					
1983 Total	102,378	1983	22.5	6/30/1983	6/30/2043	6/30/1983	\$ 238,541	2.5243	\$ 602,154	6.49%	56,991	13,844	43,148	5,193	56,096	55,215	54,356	53,521	50,252	47,192					
1984 Total	157,433	1984	21.5	6/30/1984	6/30/2044	6/30/1984	\$ 366,819	2.5874	\$ 949,119	6.49%	84,345	21,820	62,525	7,820	83,020	81,715	80,445	79,208	74,371	69,842					
1985 Total	165,289	1985	20.5	6/30/1985	6/30/2045	6/30/1985	\$ 385,123	2.6521	\$ 1,021,392	6.49%	85,240	23,482	61,758	8,024	83,900	82,582	81,298	80,049	75,160	70,583					
1986 Total	408,669	1986	19.5	6/30/1986	6/30/2046	6/30/1986	\$ 952,199	2.7184	\$ 2,588,476	6.49%	202,864	59,509	143,355	19,345	199,676	196,539	193,484	190,509	178,876	167,982					
1987 Total	525,605	1987	18.5	6/30/1987	6/30/2047	6/30/1987	\$ 1,224,660	2.7864	\$ 3,412,368	6.49%	251,147	78,450	172,696	24,196	247,200	243,316	239,534	235,851	221,450	207,963					
1988 Total	768,187	1988	17.5	6/30/1988	6/30/2048	6/30/1988	\$ 1,789,876	2.8560	\$ 5,111,957	6.49%	353,261	117,524	235,737	34,284	347,710	342,246	336,926	331,746	311,489	292,519					
1989 Total	630,384	1989	16.5	6/30/1989	6/30/2049	6/30/1989	\$ 1,468,795	2.9274	\$ 4,299,810	6.49%	279,041	98,853	180,188	27,191	274,657	270,341	266,139	262,047	246,046	231,061					
1990 Total	566,865	1990	15.5	6/30/1990	6/30/2050	6/30/1990	\$ 1,320,795	3.0006	\$ 3,963,214	6.49%	241,534	91,114	150,419	23,545	237,738	234,003	230,366	226,824	212,973	200,003					
1991 Total	636,656	1991	14.5	6/30/1991	6/30/2051	6/30/1991	\$ 1,483,408	3.0756	\$																

CGE Coated Steel  
 Fin 47 ARO Calculation

2001 Total	89,197	2001	4.5	6/30/2001	6/30/2061	6/30/2001	\$ 207,829	3.9371	\$ 818,242	6.49%	24,969	18,811	6,158	1,412	24,577	24,191	23,815	23,449	22,017	20,676
2002 Total	122,447	2002	3.5	6/30/2002	6/30/2062	6/30/2002	\$ 285,301	4.0355	\$ 1,151,333	6.49%	32,994	26,469	6,525	1,546	32,476	31,966	31,469	30,985	29,093	27,321
2003 Total	183,814	2003	2.5	6/30/2003	6/30/2063	6/30/2003	\$ 428,285	4.1364	\$ 1,771,559	6.49%	47,677	40,728	6,948	1,700	46,927	46,190	45,472	44,773	42,039	39,479
2004 Total	95,627	2004	1.5	6/30/2004	6/30/2064	6/30/2004	\$ 222,812	4.2398	\$ 944,679	6.49%	23,871	21,718	2,153	544	23,496	23,127	22,767	22,417	21,048	19,766
2005 Total	21,818	2005	0.5	6/30/2005	6/30/2065	6/30/2005	\$ 50,835	4.3458	\$ 220,918	6.49%	5,242	5,079	163	43	5,160	5,079	5,000	4,923	4,622	4,341
<b>Grand Total</b>	<b>14,238,401</b>						<b>\$33,175,475</b>				<b>\$12,308,955</b>	<b>\$2,007,400</b>	<b>#####</b>	<b>\$971,366</b>	<b>#####</b>	<b>#####</b>	<b>\$11,743,177</b>	<b>\$ 11,563,729</b>	<b>\$ 10,861,827</b>	<b>#####</b>

miles: 2,697

CG&E Coated Steel 12/31/05 Adoption entry:  
 dr. ARC \$ 2,007,400  
 dr. COR \$11,272,921  
 cr. ARC Accum dep \$ 971,366  
 cr. ARO \$12,308,955



ULHP Coated Steel Mains  
 Fin 47 ARO Calculation

DOT Regs Dt:		8/19/1970																		
				Expected retirement								ARC		Depreciation						
				(settlement)								n Cum		n Cum						
Avg. Age	Footage	Avg.	Years Old	Age	Vintage	Obligation 2005 \$	Inflation factor	Inflated to Settlement	Discount rate:	12/31/2005	Vintage	Accretion Cum Catch	ARC Depreciation n Cum	9/30/2005	6/30/2005	3/31/2005	12/31/2004	#####	12/31/2002	
1924 Total	163	1924	81.5	6/30/1924	6/30/2006	8/19/1970	\$ 380	1.0124	\$ 385	5.33%	375	60	315	59	370	365	360	356	338	321
1941 Total	82	1941	64.5	6/30/1941	6/30/2006	8/19/1970	\$ 191	1.0124	\$ 193	5.33%	189	30	158	30	186	184	181	179	170	161
1948 Total	2,608	1948	59.5	6/30/1946	6/30/2006	8/19/1970	\$ 6,077	1.0124	\$ 6,152	5.33%	5,996	956	5,040	942	5,918	5,841	5,766	5,693	5,404	5,131
1947 Total	1,067	1947	58.5	6/30/1947	6/30/2006	8/19/1970	\$ 2,486	1.0124	\$ 2,517	5.33%	2,453	391	2,062	386	2,421	2,390	2,359	2,329	2,211	2,099
1948 Total	2,776	1948	57.5	6/30/1948	6/30/2006	8/19/1970	\$ 6,468	1.0124	\$ 6,548	5.33%	6,382	1,017	5,365	1,003	6,299	6,217	6,137	6,059	5,752	5,461
1949 Total	16	1949	58.5	6/30/1949	6/30/2006	8/19/1970	\$ 37	1.0124	\$ 38	5.33%	37	6	31	6	36	36	35	35	33	31
1950 Total	634	1950	55.5	6/30/1950	6/30/2006	8/19/1970	\$ 1,477	1.0124	\$ 1,496	5.33%	1,458	232	1,225	229	1,439	1,420	1,402	1,384	1,314	1,247
1951 Total	113	1951	54.5	6/30/1951	6/30/2006	8/19/1970	\$ 263	1.0124	\$ 267	5.33%	260	41	218	41	256	253	250	247	234	222
1952 Total	383	1952	53.5	6/30/1952	6/30/2006	8/19/1970	\$ 892	1.0124	\$ 903	5.33%	881	140	740	138	869	858	847	836	794	753
1953 Total	14,993	1953	52.5	6/30/1953	6/30/2006	8/19/1970	\$ 34,934	1.0124	\$ 35,368	5.33%	34,469	5,494	28,975	5,418	34,021	33,579	33,148	32,726	31,067	29,496
1954 Total	4,079	1954	51.5	6/30/1954	6/30/2007	8/19/1970	\$ 9,504	1.0377	\$ 9,863	5.33%	9,126	1,455	7,672	1,396	9,008	8,891	8,776	8,665	8,225	7,809
1955 Total	69,259	1955	50.5	6/30/1955	6/29/2008	8/19/1970	\$ 161,373	1.0377	\$ 167,463	5.33%	147,121	23,450	123,671	21,905	145,209	143,322	141,480	139,682	132,600	125,895
1956 Total	8,227	1956	49.5	6/30/1956	6/30/2009	8/19/1970	\$ 22,897	1.0903	\$ 24,964	5.33%	20,820	3,318	17,501	3,020	20,549	20,282	20,021	19,767	18,765	17,816
1957 Total	14,526	1957	48.5	6/30/1957	6/30/2010	8/19/1970	\$ 33,846	1.1175	\$ 37,823	5.43%	29,815	4,588	25,228	4,070	29,421	29,031	28,651	28,280	26,819	25,438
1958 Total	51,120	1958	47.5	6/30/1958	6/30/2011	8/19/1970	\$ 119,110	1.1455	\$ 136,436	5.54%	101,453	15,070	86,383	13,044	100,084	98,734	97,417	96,131	91,075	86,298
1959 Total	35,569	1959	46.5	6/30/1959	6/29/2012	8/19/1970	\$ 82,876	1.1455	\$ 94,931	5.54%	66,888	9,936	56,952	8,394	65,985	65,095	64,227	63,379	60,046	56,896
1960 Total	62,539	1960	45.5	6/30/1960	6/30/2013	8/19/1970	\$ 145,716	1.2035	\$ 175,362	5.64%	116,189	16,662	99,527	13,748	114,593	113,019	111,484	109,985	104,097	98,538
1961 Total	36,145	1961	44.5	6/30/1961	6/30/2014	8/19/1970	\$ 84,218	1.2335	\$ 103,886	5.75%	64,607	8,944	55,663	7,212	63,704	62,813	61,944	61,097	57,768	54,629
1962 Total	24,547	1962	43.5	6/30/1962	6/30/2015	8/19/1970	\$ 57,195	1.2644	\$ 72,315	5.85%	42,129	5,630	36,499	4,439	41,530	40,939	40,362	39,800	37,594	35,516
1963 Total	65,830	1963	42.5	6/30/1963	6/29/2016	8/19/1970	\$ 153,384	1.2644	\$ 193,935	5.85%	106,736	14,265	92,471	11,001	105,218	103,720	102,260	100,836	95,247	89,982
1964 Total	73,822	1964	41.5	6/30/1964	6/30/2017	8/19/1970	\$ 172,005	1.3284	\$ 228,489	6.17%	114,774	13,801	100,973	10,416	113,055	111,363	109,713	108,106	101,809	95,894
1965 Total	375,928	1965	40.5	6/30/1965	6/30/2018	8/19/1970	\$ 875,912	1.3616	\$ 1,192,639	6.27%	557,301	64,694	492,606	47,805	548,819	540,466	532,329	524,402	493,364	464,240
1966 Total	89,055	1966	39.5	6/30/1966	6/30/2019	8/19/1970	\$ 207,498	1.3956	\$ 289,592	6.38%	125,634	14,080	111,554	10,191	123,691	121,778	119,915	118,100	110,999	104,343
1967 Total	105,369	1967	38.5	6/30/1967	6/29/2020	8/19/1970	\$ 245,556	1.3956	\$ 342,707	6.38%	139,761	15,663	124,099	11,110	137,600	135,472	133,399	131,380	123,481	116,076
1968 Total	222,180	1968	37.5	6/30/1968	6/30/2021	8/19/1970	\$ 517,679	1.4663	\$ 759,068	6.59%	282,108	29,466	252,642	20,489	277,606	273,175	268,862	264,664	248,255	232,904
1969 Total	158,444	1969	36.5	6/30/1969	6/30/2022	8/19/1970	\$ 369,175	1.5029	\$ 554,850	6.59%	193,459	20,207	173,253	13,780	190,372	187,333	184,376	181,497	170,244	159,717
1970 Total	150,890	1970	35.5	6/30/1970	6/30/2023	8/19/1970	\$ 351,574	1.5405	\$ 541,607	6.59%	177,165	18,505	158,660	12,381	174,337	171,555	168,846	166,210	155,905	146,264
1971 Total	78,807	1971	34.5	6/30/1971	6/29/2024	6/30/1971	\$ 183,620	1.5405	\$ 282,871	6.59%	86,808	9,581	77,228	6,237	85,423	84,059	82,732	81,440	76,391	71,667
1972 Total	73,450	1972	33.5	6/30/1972	6/30/2025	6/30/1972	\$ 171,139	1.6185	\$ 276,989	6.59%	79,733	9,381	70,352	5,930	78,460	77,208	75,989	74,803	70,165	65,826
1973 Total	23,894	1973	32.5	6/30/1973	6/30/2026	6/30/1973	\$ 55,673	1.6590	\$ 92,360	6.59%	24,942	3,128	21,814	1,918	24,544	24,153	23,771	23,400	21,949	20,592
1974 Total	35,078	1974	31.5	6/30/1974	6/30/2027	6/30/1974	\$ 81,732	1.7004	\$ 138,980	6.59%	35,212	4,707	30,505	2,798	34,650	34,097	33,558	33,034	30,986	29,070
1975 Total	78,922	1975	30.5	6/30/1975	6/29/2028	6/30/1975	\$ 183,888	1.7004	\$ 312,692	6.59%	74,324	10,591	63,733	6,096	73,138	71,971	70,834	69,728	65,405	61,361
1976 Total	10,987	1976	29.5	6/30/1976	6/30/2029	6/30/1976	\$ 25,600	1.7865	\$ 45,735	6.49%	10,438	1,633	8,805	909	10,274	10,113	9,955	9,802	9,204	8,643
1977 Total	9,898	1977	28.5	6/30/1977	6/30/2030	6/30/1977	\$ 23,062	1.8312	\$ 42,232	6.49%	9,052	1,508	7,544	811	8,909	8,769	8,633	8,500	7,981	7,495
1978 Total	16,803	1978	27.5	6/30/1978	6/30/2031	6/30/1978	\$ 39,151	1.8770	\$ 73,485	6.49%	14,791	2,624	12,167	1,362	14,559	14,330	14,107	13,890	13,042	12,248
1979 Total	35,388	1979	26.5	6/30/1979	6/29/2032	6/30/1979	\$ 82,454	1.8770	\$ 154,764	6.49%	29,253	5,526	23,728	2,763	28,794	28,341	27,901	27,472	25,794	24,223
1980 Total	65,188	1980	25.5	6/30/1980	6/30/2033	6/30/1980	\$ 151,888	1.9720	\$ 299,523	6.49%	53,158	10,694	42,464	5,146	52,323	51,501	50,700	49,921	46,873	44,018
1981 Total	39,691	1981	24.5	6/30/1981	6/30/2034	6/30/1981	\$ 92,480	2.0213	\$ 186,930	6.49%	31,155	6,674	24,481	3,086	30,666	30,184	29,715	29,258	27,471	25,798
1982 Total	43,777	1982	23.5	6/30/1982	6/30/2035	6/30/1982	\$ 102,000	2.0718	\$ 211,327	6.49%	33,077	7,545	25,531	3,346	32,557	32,045	31,547	31,062	29,165	27,389
1983 Total	49,823	1983	22.5	6/30/1983	6/29/2036	6/30/1983	\$ 116,088	2.0718	\$ 240,514	6.49%	35,352	8,587	26,765	3,646	34,797	34,250	33,717	33,199	31,172	29,273
1984 Total	25,122	1984	21.5	6/30/1984	6/30/2037	6/30/1984	\$ 58,534	2.1767	\$ 127,412	6.49%	17,584	4,549	13,035	1,846	17,308	17,036	16,771	16,513	15,505	14,561
1985 Total	48,824	1985	20.5	6/30/1985	6/30/2038	6/30/1985	\$ 113,760	2.2311	\$ 253,814	6.49%	32,896	9,062	23,833	3,506	32,379	31,870	31,375	30,892	29,006	27,239
1986 Total	67,235	1986	19.5	6/30/1986	6/30/2039	6/30/1986	\$ 156,658	2.2869	\$ 358,262	6.49%	43,605	12,791	30,814	4,707	42,920	42,245	41,589	40,949	38,449	36,107
1987 Total	140,344	1987	18.5	6/30/1987	6/29/2040	6/30/1987	\$ 327,002	2.2869	\$ 747,824	6.49%	85,476	26,700	58,776	9,323	84,133	82,811	81,524	80,270	75,369	70,779
1988 Total	176,099	1988	17.5	6/30/1988	6/30/2041	6/30/1988	\$ 410,311	2.4027	\$ 985,848	6.49%	105,801	35,198	70,603	11,624	104,139	102,502	100,909	99,358	93,291	87,609
1989 Total	190,511	1989	16.5	6/30/1989	6/30/2042	6/30/1989	\$ 443,891	2.4628	\$ 1,093,194	6.49%	110,176	39,031	71,145	12,154	108,445	106,741	105,082	103,466	97,148	91,232
1990 Total	276,251	1990	15.5	6/30/1990	6/30/2043	6/30/1990	\$ 643,665	2.5243	\$ 1,624,818	6.49%	153,783	58,012	95,771	16,971	151,366	148,988	146,672	144,417	135,598	127,340
1991 Total	171,336	1991	14.5	6/30/1991	6/29/2044	6/30/1991	\$ 399,213	2.5243	\$ 1,007,742	6.49%	89,570	35,980	53,590	9,847	88,163	86,777	85,429	84,115	78,979	74,169
1992 Total	63,920	1992	13.5	6/30/1992	6/30/2045	6/30/1992	\$ 148,934	2.6521	\$ 394,989	6.49%	32,964	14,103	18,861	3,593	32,446	31,936	31,439	30,956	29,066	27,296
1993 Total	22,262	1993	12.5	6/30/1993	6/30/2046	6/30/1993	\$ 51,870	2.7184	\$ 141,006											

ULH&P Coated Steel Mains  
 Fin 47 ARO Calculation

1996 Total	3,970	1996	9.5 6/30/1996 6/30/2049	6/30/1996	\$ 9,230	2,9274	\$ 27,079	6.49%	1,757	967	791	173	1,730	1,703	1,676	1,650	1,550	1,455
1997 Total	3,446	1997	8.5 6/30/1997 6/30/2050	6/30/1997	\$ 8,029	3,0006	\$ 24,093	6.49%	1,468	860	608	138	1,445	1,423	1,400	1,379	1,295	1,216
1998 Total	6,275	1998	7.5 6/30/1998 6/30/2051	6/30/1998	\$ 14,621	3,0756	\$ 44,968	6.49%	2,574	1,606	968	227	2,533	2,493	2,455	2,417	2,269	2,131
1999 Total	42,640	1999	6.5 6/30/1999 6/29/2052	6/30/1999	\$ 99,331	3,0756	\$ 305,569	6.49%	16,423	10,910	5,513	1,339	16,165	15,911	15,664	13,423	14,481	13,599
2000 Total	15,337	2000	5.5 6/30/2000 6/30/2053	6/30/2000	\$ 35,735	3,2313	\$ 115,473	6.49%	5,827	4,123	4,28	533	5,736	5,646	5,558	5,472	5,138	4,825
2001 Total	22,748	2001	4.5 6/30/2001 6/30/2054	6/30/2001	\$ 53,002	3,3121	\$ 175,551	6.49%	8,320	6,268	2,052	533	8,189	8,060	7,935	7,813	7,336	6,889
2002 Total	16,124	2002	3.5 6/30/2002 6/30/2055	6/30/2002	\$ 37,569	3,3949	\$ 127,543	6.49%	5,676	4,534	1,123	301	5,587	5,499	5,414	5,331	5,005	4,700
2003 Total	29,863	2003	2.5 6/30/2003 6/29/2056	6/30/2003	\$ 69,581	3,3949	\$ 236,222	6.49%	9,872	8,434	1,439	399	9,718	9,565	9,416	9,272	8,705	8,175
2004 Total	8,143	2004	1.5 6/30/2004 6/30/2057	6/30/2004	\$ 18,974	3,5688	\$ 67,677	6.49%	2,656	2,416	240	69	2,614	2,573	2,533	2,494	2,342	2,199
2005 Total	18,891	2005	0.5 6/30/2005 6/30/2058	6/30/2005	\$ 44,016	3,6560	\$ 160,921	6.49%	5,930	5,745	185	55	5,837	5,745	5,656	5,569	5,229	4,911
	<u>3,485,654</u>				<u>\$8,121,574</u>				<u>\$ 3,609,536</u>	<u>\$ 6,577,230</u>	<u>\$ 2,952,306</u>	<u>\$ 345,251</u>	<u>\$3,554,644</u>	<u>\$3,500,590</u>	<u>\$3,447,934</u>	<u>\$3,396,640</u>	#####	#####

miles: 680

ULH&P Coated Steel 1/2/1/0/5 Addition entry  
 dr. ARC \$ 657,230  
 cr. ARC Accum dep \$ 3,297,557  
 \$ 345,251  
 cr. ARO \$ 3,609,536

ULHP Plastic Mains  
 Fin 47 ARO Calculation

DOT Regs Dt:	8/19/1970											\$	\$	\$	\$	\$	\$					
												Discounted to	Discounted to	Discounted to	Discounted to	Discounted to	Discounted to					
Avg. Age	Footage	Avg.	Years Old	Age	Expected retirement (settlement)	Vintage	Obligation 2005 \$s	Inflation factor	Inflated to Settlement	Discount rate:	12/31/2005	Vintage	Accretion Cum Catch	ARC Depreciation Cum Catch	9/30/2005	6/30/2005	3/31/2005	12/31/2004	12/31/2003	12/31/2002		
1965 Total	592	1965	40.5	6/30/1965	6/30/2015	8/19/1970	\$ 1,379	1.2644	\$ 1,744	5.85%	1,016	136	880	107	1,002	987	973	960	907	857		
1968 Total	3,762	1968	37.5	6/30/1968	6/30/2018	8/19/1970	\$ 8,765	1.3616	\$ 11,935	6.27%	5,577	647	4,930	478	5,492	5,409	5,327	5,248	4,937	4,646		
1970 Total	33,236	1970	35.5	6/30/1970	6/30/2020	8/19/1970	\$ 77,440	1.4305	\$ 110,780	6.49%	44,523	4,817	39,706	3,417	43,823	43,135	42,464	41,811	39,258	36,867		
1971 Total	50,664	1971	34.5	6/30/1971	6/30/2021	6/30/1971	\$ 118,047	1.4663	\$ 173,091	6.59%	64,329	7,100	57,230	4,899	63,303	62,292	61,309	60,352	56,610	53,109		
1972 Total	44,242	1972	33.5	6/30/1972	6/30/2022	6/30/1972	\$ 103,084	1.5029	\$ 154,930	6.59%	54,019	6,356	47,663	4,259	53,157	52,309	51,483	50,679	47,537	44,597		
1973 Total	28,637	1973	32.5	6/30/1973	6/30/2023	6/30/1973	\$ 66,724	1.5405	\$ 102,790	6.59%	33,624	4,217	29,407	2,741	33,087	32,559	32,045	31,544	29,589	27,759		
1974 Total	10,679	1974	31.5	6/30/1974	6/30/2024	6/30/1974	\$ 24,882	1.5790	\$ 39,290	6.59%	12,055	1,612	10,444	1,015	11,863	11,673	11,489	11,310	10,609	9,953		
1975 Total	7,031	1975	30.5	6/30/1975	6/30/2025	6/30/1975	\$ 16,382	1.6185	\$ 26,515	6.59%	7,632	1,088	6,545	664	7,511	7,391	7,274	7,160	6,717	6,301		
1976 Total	3,214	1976	29.5	6/30/1976	6/30/2026	6/30/1976	\$ 7,489	1.6590	\$ 12,423	6.59%	3,355	510	2,845	301	3,301	3,249	3,197	3,148	2,952	2,770		
1977 Total	748	1977	28.5	6/30/1977	6/30/2027	6/30/1977	\$ 1,738	1.7004	\$ 2,956	6.59%	749	121	628	69	737	725	714	703	659	618		
1978 Total	7,535	1978	27.5	6/30/1978	6/30/2028	6/30/1978	\$ 17,557	1.7430	\$ 30,600	6.59%	7,272	1,255	6,017	690	7,156	7,042	6,931	6,822	6,399	6,004		
1979 Total	8,783	1979	26.5	6/30/1979	6/30/2029	6/30/1979	\$ 20,464	1.7865	\$ 36,560	6.49%	8,344	1,576	6,768	835	8,213	8,084	7,958	7,836	7,357	6,909		
1980 Total	12,817	1980	25.5	6/30/1980	6/30/2030	6/30/1980	\$ 29,864	1.8312	\$ 54,686	6.49%	11,721	2,358	9,363	1,203	11,537	11,355	11,179	11,007	10,335	9,706		
1981 Total	3,149	1981	24.5	6/30/1981	6/30/2031	6/30/1981	\$ 7,337	1.8770	\$ 13,772	6.49%	2,772	594	2,178	291	2,728	2,685	2,644	2,603	2,444	2,295		
1983 Total	1,295	1983	22.5	6/30/1983	6/30/2033	6/30/1983	\$ 3,017	1.9720	\$ 5,950	6.49%	1,056	257	800	115	1,039	1,023	1,007	992	931	874		
1984 Total	4,344	1984	21.5	6/30/1984	6/30/2034	6/30/1984	\$ 10,122	2.0213	\$ 20,459	6.49%	3,410	882	2,528	379	3,356	3,303	3,252	3,202	3,007	2,823		
1986 Total	1,664	1986	19.5	6/30/1986	6/30/2036	6/30/1986	\$ 3,877	2.1236	\$ 8,234	6.49%	1,210	355	855	138	1,191	1,172	1,154	1,136	1,067	1,002		
1987 Total	3,019	1987	18.5	6/30/1987	6/30/2037	6/30/1987	\$ 7,034	2.1767	\$ 15,312	6.49%	2,113	660	1,453	244	2,080	2,047	2,015	1,984	1,863	1,750		
1988 Total	585	1988	17.5	6/30/1988	6/30/2038	6/30/1988	\$ 1,363	2.2311	\$ 3,041	6.49%	394	131	263	46	388	382	376	370	348	326		
1989 Total	2,787	1989	16.5	6/30/1989	6/30/2039	6/30/1989	\$ 6,494	2.2869	\$ 14,851	6.49%	1,807	640	1,167	211	1,779	1,751	1,724	1,697	1,594	1,497		
1990 Total	2,583	1990	15.5	6/30/1990	6/30/2040	6/30/1990	\$ 6,018	2.3441	\$ 14,108	6.49%	1,612	608	1,004	189	1,587	1,562	1,538	1,514	1,422	1,335		
1991 Total	10,044	1991	14.5	6/30/1991	6/30/2041	6/30/1991	\$ 23,403	2.4027	\$ 56,229	6.49%	6,034	2,424	3,610	703	5,940	5,846	5,755	5,667	5,321	4,997		
1992 Total	79,828	1992	13.5	6/30/1992	6/30/2042	6/30/1992	\$ 185,999	2.4628	\$ 458,070	6.49%	46,166	19,751	26,415	5,334	45,441	44,727	44,032	43,355	40,707	38,228		
1993 Total	138,683	1993	12.5	6/30/1993	6/30/2043	6/30/1993	\$ 323,131	2.5243	\$ 815,688	6.49%	77,202	35,170	42,031	8,796	75,989	74,795	73,632	72,500	68,073	63,927		
1994 Total	186,769	1994	11.5	6/30/1994	6/30/2044	6/30/1994	\$ 435,172	2.5874	\$ 1,125,977	6.49%	100,062	48,541	51,521	11,168	98,490	96,942	95,435	93,968	88,230	82,856		
1995 Total	160,937	1995	10.5	6/30/1995	6/30/2045	6/30/1995	\$ 374,983	2.6521	\$ 994,499	6.49%	82,995	42,873	40,122	9,007	81,691	80,408	79,158	77,941	73,182	68,725		
1996 Total	194,077	1996	9.5	6/30/1996	6/30/2046	6/30/1996	\$ 452,199	2.7184	\$ 1,229,268	6.49%	96,340	53,003	43,337	10,074	94,826	93,336	91,886	90,473	84,948	79,775		
1997 Total	236,363	1997	8.5	6/30/1997	6/30/2047	6/30/1997	\$ 550,726	2.7864	\$ 1,534,532	6.49%	112,940	66,165	46,775	11,253	111,165	109,419	107,718	106,062	99,585	93,520		
1998 Total	173,172	1998	7.5	6/30/1998	6/30/2048	6/30/1998	\$ 403,491	2.8560	\$ 1,152,386	6.49%	79,635	49,679	29,956	7,456	78,384	77,152	75,953	74,785	70,219	65,942		
1999 Total	188,042	1999	6.5	6/30/1999	6/30/2049	6/30/1999	\$ 433,478	2.9274	\$ 1,268,981	6.49%	82,352	54,706	27,646	7,117	81,058	79,784	78,544	77,337	72,614	68,192		
2000 Total	194,065	2000	5.5	6/30/2000	6/30/2050	6/30/2000	\$ 452,171	3.0006	\$ 1,356,798	6.49%	82,689	58,502	24,187	6,439	81,389	80,110	78,865	77,653	72,911	68,471		
2001 Total	278,069	2001	4.5	6/30/2001	6/30/2051	6/30/2001	\$ 647,900	3.0756	\$ 1,992,710	6.49%	114,047	85,921	28,127	7,740	112,255	110,491	108,774	107,102	100,562	94,437		
2002 Total	290,520	2002	3.5	6/30/2002	6/30/2052	6/30/2002	\$ 676,912	3.1525	\$ 2,133,987	6.49%	114,675	91,996	22,679	6,448	112,873	111,100	109,373	107,691	101,115	94,957		
2003 Total	332,353	2003	2.5	6/30/2003	6/30/2053	6/30/2003	\$ 774,382	3.2313	\$ 2,502,296	6.49%	126,278	107,874	18,404	5,405	124,294	122,341	120,439	118,587	111,346	104,565		
2004 Total	259,982	2004	1.5	6/30/2004	6/30/2054	6/30/2004	\$ 605,758	3.3121	\$ 2,006,351	6.49%	95,084	86,509	8,575	2,601	93,590	92,119	90,687	89,293	83,840	78,734		
2005 Total	203,100	2005	0.5	6/30/2005	6/30/2055	6/30/2005	\$ 473,223	3.3949	\$ 1,606,562	6.49%	71,500	69,271	2,229	698	70,377	69,271	68,194	67,146	63,046	59,206		
		3,155,368					\$7,352,007			\$21,088,358			\$ 1,556,591	\$ 908,305	\$ 648,287	\$122,533	#####	#####	#####	#####	#####	#####

miles: 598

ULHP Coated Steel 12/31/05 Adoption entry:  
 dr. ARC \$ 908,305  
 dr. COR \$ 770,819  
 cr. ARC Accum dep \$ 122,533  
 cr. ARO \$ 1,556,591

## Infl Factors and Disc Rates

Assumed rate of inflation: 2.50% a

Inflation Factors			Discount Rates			
			CGE, PSI, and ULHP			
			b		c	
			Risk-free	Credit	Discount	
			Rate	Spread	Rate	
	# Periods Into Future	Factor				
2006	0.5	1.0124	2006	4.47%	0.68%	5.20%
2007	1.5	1.0377	2007	4.46%	0.68%	5.20%
2008	2.5	1.0637	2008	4.44%	0.68%	5.20%
2009	3.5	1.0903	2009	4.45%	0.73%	5.20%
2010	4.5	1.1175	2010	4.42%	0.80%	5.30%
2011	5.5	1.1455	2011	4.43%	0.88%	5.40%
2012	6.5	1.1741	2012	4.44%	0.93%	5.40%
2013	7.5	1.2035	2013	4.46%	0.98%	5.50%
2014	8.5	1.2335	2014	4.49%	1.02%	5.60%
2015	9.5	1.2644	2015	4.58%	1.06%	5.70%
2016	10.5	1.2960	2016	4.63%	1.10%	5.80%
2017	11.5	1.3284	2017	4.69%	1.23%	6.00%
2018	12.5	1.3616	2018	4.73%	1.35%	6.10%
2019	13.5	1.3956	2019	4.76%	1.40%	6.20%
2020	14.5	1.4305	2020	4.80%	1.45%	6.30%
2021	15.5	1.4663	2021	4.83%	1.50%	6.40%
2022	16.5	1.5029	2022	4.83%	1.50%	6.40%
2023	17.5	1.5405	2023	4.83%	1.51%	6.40%
2024	18.5	1.5790	2024	4.83%	1.51%	6.40%
2025	19.5	1.6185	2025	4.83%	1.51%	6.40%
2026	20.5	1.6590	2026	4.81%	1.52%	6.40%
2027	21.5	1.7004	2027	4.80%	1.52%	6.40%
2028	22.5	1.7430	2028	4.78%	1.52%	6.40%
2029	23.5	1.7865	2029	4.76%	1.53%	6.30%
2030	24.5	1.8312	2030	4.74%	1.53%	6.30%
2031	25.5	1.8770	2031	4.74%	1.53%	6.30%
2032	26.5	1.9239	2032	4.74%	1.54%	6.30%
2033	27.5	1.9720	2033	4.74%	1.54%	6.30%
2034	28.5	2.0213	2034	4.74%	1.54%	6.30%
2035	29.5	2.0718	2035	4.74%	1.55%	6.30%
2036	30.5	2.1236	2036	4.74%	1.55%	6.30%
2037	31.5	2.1767	2037	4.74%	1.55%	6.30%
2038	32.5	2.2311	2038	4.74%	1.55%	6.30%
2039	33.5	2.2869	2039	4.74%	1.55%	6.30%
2040	34.5	2.3441	2040	4.74%	1.55%	6.30%
2041	35.5	2.4027	2041	4.74%	1.55%	6.30%
2042	36.5	2.4628	2042	4.74%	1.55%	6.30%
2043	37.5	2.5243	2043	4.74%	1.55%	6.30%
2044	38.5	2.5874	2044	4.74%	1.55%	6.30%
2045	39.5	2.6521	2045	4.74%	1.55%	6.30%
2046	40.5	2.7184	2046	4.74%	1.55%	6.30%
2047	41.5	2.7864	2047	4.74%	1.55%	6.30%
2048	42.5	2.8560	2048	4.74%	1.55%	6.30%
2049	43.5	2.9274	2049	4.74%	1.55%	6.30%
2050	44.5	3.0006	2050	4.74%	1.55%	6.30%



Infl Factors and Disc Rates

Assumed rate of inflation: 2.50% a

Inflation Factors			Discount Rates CGE, PSI, and ULHP			
	# Periods Into Future	Factor		b		Discount Rate
				Risk-free Rate	Credit Spread	
2051	45.5	3.0756	2051	4.74%	1.55%	6.30%
2052	46.5	3.1525	2052	4.74%	1.55%	6.30%
2053	47.5	3.2313	2053	4.74%	1.55%	6.30%
2054	48.5	3.3121	2054	4.74%	1.55%	6.30%
2055	49.5	3.3949	2055	4.74%	1.55%	6.30%
2056	50.5	3.4798	2056	4.74%	1.55%	6.30%
2057	51.5	3.5668	2057	4.74%	1.55%	6.30%
2058	52.5	3.6560	2058	4.74%	1.55%	6.30%
2059	53.5	3.7474	2059	4.74%	1.55%	6.30%
2060	54.5	3.8411	2060	4.74%	1.55%	6.30%
2061	55.5	3.9371	2061	4.74%	1.55%	6.30%
2062	56.5	4.0355	2062	4.74%	1.55%	6.30%
2063	57.5	4.1364	2063	4.74%	1.55%	6.30%
2064	58.5	4.2398	2064	4.74%	1.55%	6.30%
2065	59.5	4.3458	2065	4.74%	1.55%	6.30%
2066	60.5	4.4544	2066	4.74%	1.55%	6.30%
2067	61.5	4.5658	2067	4.74%	1.55%	6.30%
2068	62.5	4.6800	2068	4.74%	1.55%	6.30%
2069	63.5	4.7970	2069	4.74%	1.55%	6.30%
2070	64.5	4.9169	2070	4.74%	1.55%	6.30%
2071	65.5	5.0398	2071	4.74%	1.55%	6.30%
2072	66.5	5.1658	2072	4.74%	1.55%	6.30%
2073	67.5	5.2949	2073	4.74%	1.55%	6.30%
2074	68.5	5.4273	2074	4.74%	1.55%	6.30%
2075	69.5	5.5630	2075	4.74%	1.55%	6.30%
2076	70.5	5.7021	2076	4.74%	1.55%	6.30%
2077	71.5	5.8446	2077	4.74%	1.55%	6.30%
2078	72.5	5.9907	2078	4.74%	1.55%	6.30%
2079	73.5	6.1405	2079	4.74%	1.55%	6.30%
2080	74.5	6.2940	2080	4.74%	1.55%	6.30%
2081	75.5	6.4514	2081	4.74%	1.55%	6.30%

a Rate of inflation obtained from Jon Gomez, Manager - Power Operations Financial Analysis. Rate based on historical CPI.

b Rate obtained from Bloomberg report run by Ed Bowen, Treasury. Average of bid and ask price used, where different, from an approximate midpoint of each year. Interpolated where necessary.

c Credit spread obtained from Barclays Capital report provided by Larry Riffe, Treasury. Interpolated where necessary. Midpoint used when reoffer spread was a range.

<b>Pro-Forma Gas Main ARO Liability</b>						
	9/30/2005	6/30/2005	3/31/2005	12/31/2004	12/31/2003	12/31/2002
<b>KOT</b>						
River project	72,733	71,784	70,857	69,952	66,390	63,018
<b>ULH&amp;P</b>						
AMRP items	1,124,788	1,110,121	1,095,801	1,081,820	1,026,779	974,678
Coated Steel	3,554,644	3,500,590	3,447,934	3,396,640	3,195,812	3,007,401
Plastic	1,532,092	1,507,977	1,484,499	1,461,638	1,372,239	1,288,532
<b>Total ULH&amp;P</b>	<b>6,211,523</b>	<b>6,118,688</b>	<b>6,028,234</b>	<b>5,940,097</b>	<b>5,594,831</b>	<b>5,270,610</b>
<b>CG&amp;E Standalone</b>						
AMRP items	7,658,039	7,555,604	7,455,631	7,358,060	6,974,263	6,611,471
Coated Steel	12,116,702	11,927,455	11,743,177	11,563,729	10,861,827	10,204,334
Plastic	5,442,439	5,356,792	5,273,402	5,192,205	4,874,684	4,577,370
<b>Total CG&amp;E Standalone</b>	<b>25,217,179</b>	<b>24,839,850</b>	<b>24,472,210</b>	<b>24,113,994</b>	<b>22,710,773</b>	<b>21,393,174</b>
<b>Total CG&amp;E Consolidated</b>	<b>31,501,436</b>	<b>31,030,322</b>	<b>30,571,302</b>	<b>30,124,044</b>	<b>28,371,994</b>	<b>26,726,803</b>

**Welles, Sarah**

**From:** Glenn, Erica  
**Sent:** Sunday, February 12, 2006 12:21 PM  
**To:** Wozny, David  
**Cc:** Ritchie, Brett; Sheppard, Amy; Nispel, Debbie; Vance, Brian; Wilson, Dale; Stevens, George; O'Connor, Mike; Melendez, Brenda; Reynolds, Jaime  
**Subject:** Fin 47 Adoption - Final Memo

**Attachments:** Fin 47 Adoption Memo.doc

David,

Attached is the final memo regarding the adoption of Fin 47, Accounting for Conditional Asset Retirement Obligations.

Thank you,

**Erica Glenn**

Cinergy Corp.  
Accounting Research  
(317) 838-2280



Fin 47 Adoption  
Memo.doc

**Welles, Sarah**

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**From:** Glenn, Erica  
**Sent:** Tuesday, January 03, 2006 11:11 AM  
**To:** Ritchie, Brett; Sheppard, Amy  
**Cc:** Reynolds, Jaime  
**Subject:** Fin 47 Transition - preliminary report  
**Importance:** High  
**Attachments:** FIN 47 - Preliminary.pdf

Brett and Amy,

Attached is a report out of PowerPlant of the Fin-47 AROs. This is a transition report to show the cumulative effects. The report includes transition items from the beginning of time. Therefore, you will see that I have backed out prior AROs on pages 14 and 24 to come to 2005 cumulative effects of approximately \$6M and \$8M for CG&E and PSI, respectively. A manual entry will be made by FA to move the PSI cumulative effect amounts out of account 182303 (as shown in the attached report) to COR. Also, please note that these amounts will change slightly for the addition of accretion and depreciation for December. These amounts are not yet reflected as December is not yet closed in the system.

DP&L responded today that they will be sending their information once approved. Therefore, we may need to make a materiality assessment depending on their asbestos numbers for Stuart and Killen (as we had to go ahead and make our own estimate for these plants).

I received updated rate information from Larry and will review today to see if there are any significant changes from the rates used.

Please let me know if you have any questions. PowerPlant will be closed out at the end of the day tomorrow.

Thanks,  
Erica

8/18/2006

ARO Transition Journal Entry Report

Cinergy Corp

Note: Depreciation Expense Accounts will be determined by the Depr. Groups Assigned after all Transitions are Processed

		Account	Debits	Credits
<b>Company: Cincinnati Gas &amp; Electric Co.</b>				
<b>ARO Description: Beckjord 1-5 Asbestos</b>				
	Long-lived asset:	101850 - NonReg Plant In Service AR	\$371,656.46	
	Accumulated depreciation:			\$144,977.38
	Initial liability:	230850 - Asset Retirement Obligatio		\$371,656.46
	Accretion Expense:	230850 - Asset Retirement Obligatio		\$582,185.49
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$727,162.87	\$0.00
<b>ARO Description: Beckjord 1-5 River Structure</b>				
	Long-lived asset:	101850 - NonReg Plant In Service AR	\$17,789.96	
	Accumulated depreciation:			\$12,312.96
	Initial liability:	230850 - Asset Retirement Obligatio		\$17,789.96
	Accretion Expense:	230850 - Asset Retirement Obligatio		\$476,766.18
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$489,079.14	\$0.00
<b>ARO Description: Beckjord 6 Asbestos</b>				
	Long-lived asset:	101850 - NonReg Plant In Service AR	\$28,901.40	
	Accumulated depreciation:			\$11,274.49
	Initial liability:	230850 - Asset Retirement Obligatio		\$28,901.40
	Accretion Expense:	230850 - Asset Retirement Obligatio		\$45,273.00
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$56,547.49	\$0.00

ARO Transition Journal Entry Report

Cinergy Corp

Note: Depreciation Expense Accounts will be determined by the Depr. Groups Assigned after all Transitions are Processed

	Account	Debits	Credits
<b>Company: Cincinnati Gas &amp; Electric Co.</b>			
<b>ARO Description: Beckjord 6 River Structure</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$1,334.25	
Accumulated depreciation:			\$922.20
Initial liability:	230850 - Asset Retirement Obligatio		\$1,334.25
Accretion Expense:	230850 - Asset Retirement Obligatio		\$35,757.10
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$36,679.30	\$0.00
<b>ARO Description: Conesville Asbestos</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$12,762.62	
Accumulated depreciation:			\$4,512.33
Initial liability:	230850 - Asset Retirement Obligatio		\$12,762.62
Accretion Expense:	230850 - Asset Retirement Obligatio		\$19,992.12
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$24,504.45	\$0.00
<b>ARO Description: East Bend Asbestos</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$42,698.67	
Accumulated depreciation:			\$12,711.63
Initial liability:	230850 - Asset Retirement Obligatio		\$42,698.67
Accretion Expense:	230850 - Asset Retirement Obligatio		\$66,885.90
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$79,597.53	\$0.00

ARO Transition Journal Entry Report

Cinergy Corp

Note: Depreciation Expense Accounts will be determined by the Depr. Groups Assigned after all Transitions are Processed

Account

Debits

Credits

Company: Clinchmatl Gas & Electric Co.

ARO Description: East Bend Ash Landfill

Long-lived asset:	101850 - NonReg Plant In Service AR	\$336,174.02	\$177,294.00
Accumulated depreciation:			
Initial liability:	230850 - Asset Retirement Obligatio		\$336,174.02
Accretion Expense:	230850 - Asset Retirement Obligatio		\$480,608.55
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$657,902.55	\$0.00

ARO Description: East Bend River Structure

Long-lived asset:	101850 - NonReg Plant In Service AR	\$17,053.76	\$6,868.80
Accumulated depreciation:			
Initial liability:	230850 - Asset Retirement Obligatio		\$17,053.76
Accretion Expense:	230850 - Asset Retirement Obligatio		\$59,590.80
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$66,459.60	\$0.00

ARO Description: East Bend SCR Catalyst A 2002

Long-lived asset:	101850 - NonReg Plant In Service AR	\$71,110.28	\$27,504.85
Accumulated depreciation:			
Initial liability:	230850 - Asset Retirement Obligatio		\$71,110.28
Accretion Expense:	230850 - Asset Retirement Obligatio		\$13,989.82
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$41,494.67	\$0.00

ARO Transition Journal Entry Report

Cinergy Corp.

Note: Depreciation Expense Accounts will be determined by the Depr. Groups Assigned after all Transitions are Processed

		Account	Debits	Credits
<b>Company: Cincinnati Gas &amp; Electric Co.</b>				
<b>ARO Description: East Bend SCR Catalyst B 2002</b>				
	Long-lived asset:	101850 - NonReg Plant In Service AR	\$66,364.10	
	Accumulated depreciation:			\$20,930.09
	Initial liability:	230850 - Asset Retirement Obligatio		\$66,364.10
	Accretion Expense:	230850 - Asset Retirement Obligatio		\$13,320.01
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$34,250.10	\$0.00
<b>ARO Description: Killen Asbestos</b>				
	Long-lived asset:	101850 - NonReg Plant In Service AR	\$19,656.86	
	Accumulated depreciation:			\$5,737.70
	Initial liability:	230850 - Asset Retirement Obligatio		\$19,656.86
	Accretion Expense:	230850 - Asset Retirement Obligatio		\$30,791.67
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$36,529.37	\$0.00
<b>ARO Description: Killen River Structure</b>				
	Long-lived asset:	101850 - NonReg Plant In Service AR	\$20,022.46	
	Accumulated depreciation:			\$7,726.00
	Initial liability:	230850 - Asset Retirement Obligatio		\$20,022.46
	Accretion Expense:	230850 - Asset Retirement Obligatio		\$64,483.75
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$72,211.75	\$0.00



ARO Transition Journal Entry Report

Cinergy Corp

Note: Depreciation Expense Accounts will be determined by the Depr. Groups Assigned after all Transitions are Processed

	Account	Debits	Credits
<b>Company: Cincinnati Gas &amp; Electric Co.</b>			
<b>ARO Description: Killen SCR Catalyst A 2004</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$43,079.11	
Accumulated depreciation:			\$17,052.12
Initial liability:	230850 - Asset Retirement Obligatio		\$43,079.11
Accretion Expense:	230850 - Asset Retirement Obligatio		\$3,486.87
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$20,538.99	\$0.00
<b>ARO Description: Killen SCR Catalyst B 2004</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$40,558.73	
Accumulated depreciation:			\$10,703.08
Initial liability:	230850 - Asset Retirement Obligatio		\$40,558.73
Accretion Expense:	230850 - Asset Retirement Obligatio		\$3,348.37
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$14,051.45	\$0.00
<b>ARO Description: Miami Fort 3-5 Asbestos</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$216,408.49	
Accumulated depreciation:			\$68,479.54
Initial liability:	230850 - Asset Retirement Obligatio		\$216,408.49
Accretion Expense:	230850 - Asset Retirement Obligatio		\$338,995.60
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$407,475.14	\$0.00

ARO Transition Journal Entry Report

Cinergy Corp

Note: Depreciation Expense Accounts will be determined by the Depr. Groups Assigned after all Transitions are Processed

	Account	Debits	Credits
<b>Company: Cincinnati Gas &amp; Electric Co.</b>			
<b>ARO Description: Miami Fort 5&amp;6 River Structure</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$2,043.34	
Accumulated depreciation:			\$1,290.24
Initial liability:	230850 - Asset Retirement Obligatio		\$2,043.34
Accretion Expense:	230850 - Asset Retirement Obligatio		\$66,544.33
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$67,834.57	\$0.00
<b>ARO Description: Miami Fort 6 Asbestos</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$176,823.48	
Accumulated depreciation:			\$55,952.53
Initial liability:	230850 - Asset Retirement Obligatio		\$176,823.48
Accretion Expense:	230850 - Asset Retirement Obligatio		\$276,987.26
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$332,939.79	\$0.00
<b>ARO Description: Miami Fort 7 SCR Catalyst A 2003</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$127,465.02	
Accumulated depreciation:			\$63,732.43
Initial liability:	230850 - Asset Retirement Obligatio		\$127,465.02
Accretion Expense:	230850 - Asset Retirement Obligatio		\$16,405.42
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$80,137.85	\$0.00

ARO Transition Journal Entry Report

Cinergy Corp

Note: Depreciation Expense Accounts will be determined by the Depr. Groups Assigned after all Transitions are Processed

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	Account	Debits	Credits
<b>Company: Cincinnati Gas &amp; Electric Co.</b>			
<b>ARO Description: Miami Fort 7 SCR Catalyst B 2003</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$119,908.44	
Accumulated depreciation:			\$42,408.70
Initial liability:	230850 - Asset Retirement Obligatio		\$119,908.44
Accretion Expense:	230850 - Asset Retirement Obligatio		\$15,747.64
Depreciation-Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$58,154.34	\$0.00
<b>ARO Description: Miami Fort 7&amp;8 River Structure</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$6,699.38	
Accumulated depreciation:			\$3,211.20
Initial liability:	230850 - Asset Retirement Obligatio		\$6,699.38
Accretion Expense:	230850 - Asset Retirement Obligatio		\$37,197.11
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$40,408.31	\$0.00
<b>ARO Description: Miami Fort 8 SCR Catalyst A 2002</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$117,772.83	
Accumulated depreciation:			\$58,886.25
Initial liability:	230850 - Asset Retirement Obligatio		\$117,772.83
Accretion Expense:	230850 - Asset Retirement Obligatio		\$22,237.53
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$81,123.78	\$0.00

ARO Transition Journal Entry Report

Cinergy Corp

Note: Depreciation Expense Accounts will be determined by the Depr. Groups Assigned after all Transitions are Processed

Account	Debits	Credits
<b>Company: Cincinnati Gas &amp; Electric Co.</b>		
<b>ARO Description: Miami Fort 8 SCR Catalyst B 2002</b>		
Long-lived asset: 101850 - NonReg Plant In Service AR	\$109,611.81	
Accumulated depreciation:		\$42,396.87
Initial liability: 230850 - Asset Retirement Obligatio		\$109,611.81
Accretion Expense: 230850 - Asset Retirement Obligatio		\$21,564.35
Depreciation Adjustments:	\$0.00	\$0.00
Cumulative-effect adjustment: 435300 - ARO Extraordinary Deduct	\$63,961.22	\$0.00
<b>ARO Description: Miami Fort Ash Landfill</b>		
Long-lived asset: 101850 - NonReg Plant In Service AR	\$67,319.45	
Accumulated depreciation:		\$26,647.12
Initial liability: 230850 - Asset Retirement Obligatio		\$67,319.45
Accretion Expense: 230850 - Asset Retirement Obligatio		\$92,646.64
Depreciation Adjustments:	\$0.00	\$0.00
Cumulative-effect adjustment: 435300 - ARO Extraordinary Deduct	\$119,293.76 (A)	\$0.00
<b>ARO Description: Stuart 1 SCR Catalyst A 2004</b>		
Long-lived asset: 101850 - NonReg Plant In Service AR	\$110,711.89	
Accumulated depreciation:		\$21,911.75
Initial liability: 230850 - Asset Retirement Obligatio		\$110,711.89
Accretion Expense: 230850 - Asset Retirement Obligatio		\$9,319.05
Depreciation Adjustments:	\$0.00	\$0.00
Cumulative-effect adjustment: 435300 - ARO Extraordinary Deduct	\$31,230.80	\$0.00

ARO Transition Journal Entry Report

Cinergy Corp

Note: Depreciation Expense Accounts will be determined by the Depr. Groups Assigned after all Transitions are Processed

	Account	Debits	Credits
<b>Company: Cincinnati Gas &amp; Electric Co.</b>			
<b>ARO Description: Stuart 1 SCR Catalyst B 2004</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$102,392.60	
Accumulated depreciation:			\$16,212.13
Initial liability:	230850 - Asset Retirement Obligatio		\$102,392.60
Accretion Expense:	230850 - Asset Retirement Obligatio		\$8,950.81
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$25,162.94	\$0.00
<b>ARO Description: Stuart 2 SCR Catalyst A 2004</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$110,711.89	
Accumulated depreciation:			\$21,911.75
Initial liability:	230850 - Asset Retirement Obligatio		\$110,711.89
Accretion Expense:	230850 - Asset Retirement Obligatio		\$9,319.05
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$31,230.80	\$0.00
<b>ARO Description: Stuart 2 SCR Catalyst B 2004</b>			
Long-lived asset:	101850 - NonReg Plant In Service AR	\$102,392.60	
Accumulated depreciation:			\$16,212.13
Initial liability:	230850 - Asset Retirement Obligatio		\$102,392.60
Accretion Expense:	230850 - Asset Retirement Obligatio		\$8,950.81
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$25,162.94	\$0.00

ARO Transition Journal Entry Report

Cinergy Corp

Note: Depreciation Expense Accounts will be determined by the Depr. Groups Assigned after all Transitions are Processed

		Account	Debits	Credits
<b>Company: Cincinnati Gas &amp; Electric Co.</b>				
<b>ARO Description: Stuart 3 SCR Catalyst A 2004</b>				
	Long-lived asset:	101850 - NonReg Plant In Service AR	\$106,577.02	
	Accumulated depreciation:			\$18,749.58
	Initial liability:	230850 - Asset Retirement Obligatio		\$106,577.02
	Accretion Expense:	230850 - Asset Retirement Obligatio		\$9,143.70
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$27,893.28	\$0.00
<b>ARO Description: Stuart 3 SCR Catalyst B 2004</b>				
	Long-lived asset:	101850 - NonReg Plant In Service AR	\$98,177.10	
	Accumulated depreciation:			\$14,131.63
	Initial liability:	230850 - Asset Retirement Obligatio		\$98,177.10
	Accretion Expense:	230850 - Asset Retirement Obligatio		\$8,741.79
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$22,873.42	\$0.00
<b>ARO Description: Stuart 4 SCR Catalyst A 2004</b>				
	Long-lived asset:	101850 - NonReg Plant In Service AR	\$122,031.52	
	Accumulated depreciation:			\$38,643.34
	Initial liability:	230850 - Asset Retirement Obligatio		\$122,031.52
	Accretion Expense:	230850 - Asset Retirement Obligatio		\$9,877.29
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$48,520.63	\$0.00

ARO Transition Journal Entry Report

Cinergy Corp

Note: Depreciation Expense Accounts will be determined by the Depr. Groups Assigned after all Transitions are Processed

		Account	Debits	Credits
<b>Company: Cincinnati Gas &amp; Electric Co.</b>				
<b>ARO Description: Stuart 4 SCR Catalyst B 2004</b>				
	Long-lived asset:	101850 - NonReg Plant In Service AR	\$106,577.02	
	Accumulated depreciation:			\$18,749.58
	Initial liability:	230850 - Asset Retirement Obligatio		\$106,577.02
	Accretion Expense:	230850 - Asset Retirement Obligatio		\$9,143.70
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$27,893.28	\$0.00
<b>ARO Description: Stuart 4 SCR Catalyst C 2005</b>				
	Long-lived asset:	101850 - NonReg Plant In Service AR	\$102,941.47	
	Accumulated depreciation:			\$7,594.02
	Initial liability:	230850 - Asset Retirement Obligatio		\$102,941.47
	Accretion Expense:	230850 - Asset Retirement Obligatio		\$3,977.42
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$11,571.44	\$0.00
<b>ARO Description: Stuart Asbestos</b>				
	Long-lived asset:	101850 - NonReg Plant In Service AR	\$426,891.66	
	Accumulated depreciation:			\$147,457.08
	Initial liability:	230850 - Asset Retirement Obligatio		\$426,891.66
	Accretion Expense:	230850 - Asset Retirement Obligatio		\$668,709.27
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$816,166.35	\$0.00

ARO Transition Journal Entry Report

Cinergy Corp

Note: Depreciation Expense Accounts will be determined by the Dept. Groups Assigned after all Transitions are Processed

Account Debits Credits

Company: Cincinnati Gas & Electric Co.

ARO Description: Stuart River Structure

Long-lived asset:	101650 - NonReg Plant In Service AR	\$146,188.53	
Accumulated depreciation:			\$81,488.16
Initial liability:	230850 - Asset Retirement Obligation		\$146,188.53
Accretion Expense:	230850 - Asset Retirement Obligation		\$1,250,316.40
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$1,331,804.56	\$0.00

ARO Description: Zimmer Asbestos

Long-lived asset:	101650 - NonReg Plant In Service AR	\$298,501.14	
Accumulated depreciation:			\$70,136.64
Initial liability:	230850 - Asset Retirement Obligation		\$298,501.14
Accretion Expense:	230850 - Asset Retirement Obligation		\$417,176.75
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$487,313.39	\$0.00

ARO Description: Zimmer River Structure

Long-lived asset:	101650 - NonReg Plant In Service AR	\$22,058.61	
Accumulated depreciation:			\$5,182.80
Initial liability:	230850 - Asset Retirement Obligation		\$22,058.61
Accretion Expense:	230850 - Asset Retirement Obligation		\$30,828.48
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	\$36,011.28	\$0.00



ARO Transition Journal Entry Report  
 Cinergy Corp.

Note: Depreciation Expense Accounts will be determined by the Depr. Groups Assigned after all Transitions are Processed

		Account	Debits	Credits
Company: Cinclinnati Gas & Electric Co.				
ARO Description: Zimmer SCR Catalyst A 2004				
Long-lived asset:	101850 - NonReg Plant In Service AR		\$148,956.94	\$39,308.15
Accumulated depreciation:				\$148,956.94
Initial liability:	230850 - Asset Retirement Obligatio			\$12,297.27
Accretion Expense:	230850 - Asset Retirement Obligatio		\$0.00	\$0.00
Depreciation Adjustments:				\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct		\$51,605.42	\$0.00
ARO Description: Zimmer SCR Catalyst B 2004				
Long-lived asset:	101850 - NonReg Plant In Service AR		\$139,685.43	\$27,846.14
Accumulated depreciation:				\$139,685.43
Initial liability:	230850 - Asset Retirement Obligatio			\$11,757.86
Accretion Expense:	230850 - Asset Retirement Obligatio		\$0.00	\$0.00
Depreciation Adjustments:				\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct		\$39,404.00	\$0.00
ARO Description: Zimmer SCR Catalyst C 2004				
Long-lived asset:	101850 - NonReg Plant In Service AR		\$129,189.56	\$20,455.02
Accumulated depreciation:				\$129,189.56
Initial liability:	230850 - Asset Retirement Obligatio			\$11,293.26
Accretion Expense:	230850 - Asset Retirement Obligatio		\$0.00	\$0.00
Depreciation Adjustments:				\$0.00
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct		\$31,748.28	\$0.00

ARO Transition Journal Entry Report

Cinergy Corp

Note: Depreciation Expense Accounts will be determined by the Depr. Groups Assigned after all Transitions are Processed

Account	Debits	Credits
Company: Cincinnati Gas & Electric Co.		
ARO Description: Zimmer Waste Landfill		
Long-lived asset: 101850 - NonReg Plant In Service AR	\$718,975.59	
Accumulated depreciation:		\$47,067.98
Initial liability: 230850 - Asset Retirement Obligatio		\$718,975.59
Accretion Expense: 230850 - Asset Retirement Obligatio		\$106,612.72
Depreciation Adjustments:	\$0.00	\$0.00
Cumulative-effect adjustment: 435300 - ARO Extraordinary Deduct	\$153,680.70 <sup>(A)</sup>	\$0.00
Company Totals: Cincinnati Gas & Electric Co.		

Long-lived asset:	\$5,026,175.49	
Accumulated depreciation:		\$1,436,390.39
Initial liability:		\$5,026,175.49
Accretion Expense:		\$5,371,221.14
Depreciation Adjustments:	\$0.00	\$0.00
Cumulative-effect adjustment:	\$6,807,611.53	\$0.00

Company: PSI Energy, Inc.		
ARO Description: Cadiz Station Complete		
Long-lived asset: 101800 - Reg Plant In Service ARO	\$696,491.54	
Accumulated depreciation:		\$36,759.30
Initial liability: 230800 - ARO Liability		\$696,491.54
Accretion Expense: 230800 - ARO Liability		\$76,388.78
Depreciation Adjustments:	\$0.00	\$0.00
Cumulative-effect adjustment: 182303 - ARO Other Regulatory Asset	① \$113,148.08	\$0.00

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5,876,731.52

ARO Transition Journal Entry Report

Cinergy Corp

Note: Depreciation Expense Accounts will be determined by the Depr. Groups Assigned after all Transitions are Processed

Account		Debits	Credits
<b>Company: PSI Energy, Inc.</b>			
<b>ARO Description: Cayuga Asbestos</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$155,162.02	
Accumulated depreciation:			\$56,167.92
Initial liability:	230800 - ARO Liability		\$155,162.02
Accretion Expense:	230800 - ARO Liability		\$243,055.35
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$299,223.27	\$0.00
<b>ARO Description: Cayuga River Structure</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$10,684.41	
Accumulated depreciation:			\$6,073.20
Initial liability:	230800 - ARO Liability		\$10,684.41
Accretion Expense:	230800 - ARO Liability		\$85,165.35
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$91,238.55	\$0.00
<b>ARO Description: Edwardsport Asbestos</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$650,548.04	
Accumulated depreciation:			\$626,325.16
Initial liability:	230800 - ARO Liability		\$650,548.04
Accretion Expense:	230800 - ARO Liability		\$899,001.36
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$1,525,326.52	\$0.00

ARO Transition Journal Entry Report

CInergy Corp

Note: Depreciation Expense Accounts will be determined by the Depr. Groups Assigned after all Transitions are Processed

	Account	Debits	Credits
<b>Company: PSI Energy, Inc.</b>			
<b>ARO Description: Gallagher Asbestos</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$1,228,287.37	
Accumulated depreciation:			\$604,130.94
Initial liability:	230800 - ARO Liability		\$1,228,287.37
Accretion Expense:	230800 - ARO Liability		\$1,947,671.14
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$2,551,802.08	\$0.00
<b>ARO Description: Gallagher River Structure</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$5,644.15	
Accumulated depreciation:			\$4,241.28
Initial liability:	230800 - ARO Liability		\$5,644.15
Accretion Expense:	230800 - ARO Liability		\$104,520.81
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$108,762.09	\$0.00
<b>ARO Description: Gibson 1 SCR Catalyst A 2005</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$248,745.65	
Accumulated depreciation:			\$24,183.60
Initial liability:	230800 - ARO Liability		\$248,745.65
Accretion Expense:	230800 - ARO Liability		\$6,792.14
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$30,975.74	\$0.00

ARO Transition Journal Entry Report

Cinergy Corp

Note: Depreciation Expense Accounts will be determined by the Depr. Groups Assigned after all Transitions are Processed

		Account	Debits	Credits
<b>Company: PSI Energy, Inc.</b>				
<b>ARO Description: Gibson 1 SCR Catalyst B 2005</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	\$232,799.66	
	Accumulated depreciation:			\$16,975.00
	Initial liability:	230800 - ARO Liability		\$232,799.66
	Accretion Expense:	230800 - ARO Liability		\$6,475.80
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$23,450.80	\$0.00
<b>ARO Description: Gibson 1-4 Asbestos</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	\$669,481.94	
	Accumulated depreciation:			\$195,445.61
	Initial liability:	230800 - ARO Liability		\$669,481.94
	Accretion Expense:	230800 - ARO Liability		\$1,048,717.52
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$1,244,163.13	\$0.00
<b>ARO Description: Gibson 1-4 River Structure</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	\$2,441.43	
	Accumulated depreciation:			\$1,101.60
	Initial liability:	230800 - ARO Liability		\$2,441.43
	Accretion Expense:	230800 - ARO Liability		\$13,555.71
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$14,657.31	\$0.00

ARO Transition Journal Entry Report

Cinergy Corp

Note: Depreciation Expense Accounts will be determined by the Depr. Groups Assigned after all Transitions are Processed

		Account	Debits	Credits
<b>Company: PSI Energy, Inc.</b>				
<b>ARO Description: Gibson 2 SCR Catalyst A 2002</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	\$229,427.63	
	Accumulated depreciation:			\$114,713.90
	Initial liability:	230800 - ARO Liability		\$229,427.63
	Accretion Expense:	230800 - ARO Liability		\$43,319.89
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$158,033.79	\$0.00
<b>ARO Description: Gibson 2 SCR Catalyst B 2002</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	\$213,529.31	
	Accumulated depreciation:			\$82,591.63
	Initial liability:	230800 - ARO Liability		\$213,529.31
	Accretion Expense:	230800 - ARO Liability		\$42,008.46
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$124,600.09	\$0.00
<b>ARO Description: Gibson 2 SCR Catalyst C 2004</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	\$221,379.13	
	Accumulated depreciation:			\$37,241.28
	Initial liability:	230800 - ARO Liability		\$221,379.13
	Accretion Expense:	230800 - ARO Liability		\$17,896.31
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$55,137.59	\$0.00

ARO Transition Journal Entry Report

CInergy Corp.

Note: Depreciation Expense Accounts will be determined by the Depr. Groups Assigned after all Transitions are Processed

		Account	Debits	Credits
<b>Company: PSI Energy, Inc.</b>				
<b>ARO Description: Gibson 3 SCR Catalyst A 2002</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	\$235,752.34	
	Accumulated depreciation:			\$138,083.49
	Initial liability:	230800 - ARO Liability		\$235,752.34
	Accretion Expense:	230800 - ARO Liability		\$44,514.09
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$182,597.58	\$0.00
<b>ARO Description: Gibson 3 SCR Catalyst B 2002</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	\$221,556.02	
	Accumulated depreciation:			\$96,636.18
	Initial liability:	230800 - ARO Liability		\$221,556.02
	Accretion Expense:	230800 - ARO Liability		\$42,709.16
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$139,345.34	\$0.00
<b>ARO Description: Gibson 3 SCR Catalyst C 2004</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	\$229,948.28	
	Accumulated depreciation:			\$43,569.18
	Initial liability:	230800 - ARO Liability		\$229,948.28
	Accretion Expense:	230800 - ARO Liability		\$18,238.81
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$61,807.99	\$0.00

ARO Transition Journal Entry Report

Cinergy Corp

Note: Depreciation Expense Accounts will be determined by the Depr. Groups Assigned after all Transitions are Processed

		Account	Debits	Credits
<b>Company: PSI Energy, Inc.</b>				
<b>ARO Description: Gibson 4 SCR Catalyst A 2003</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	\$255,153.30	
	Accumulated depreciation:			\$160,857.49
	Initial liability:	230800 - ARO Liability		\$255,153.30
	Accretion Expense:	230800 - ARO Liability		\$32,839.57
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$193,697.06	\$0.00
<b>ARO Description: Gibson 4 SCR Catalyst B 2003</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	\$241,646.35	
	Accumulated depreciation:			\$100,110.61
	Initial liability:	230800 - ARO Liability		\$241,646.35
	Accretion Expense:	230800 - ARO Liability		\$31,101.16
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$131,211.77	\$0.00
<b>ARO Description: Gibson 4 SCR Catalyst C 2004</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	\$110,689.26	
	Accumulated depreciation:			\$18,620.64
	Initial liability:	230800 - ARO Liability		\$110,689.26
	Accretion Expense:	230800 - ARO Liability		\$8,948.15
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$27,568.79	\$0.00



ARO Transition Journal Entry Report

Cinergy Corp

Note: Depreciation Expense Accounts will be determined by the Depr. Groups Assigned after all Transitions are Processed

		Account	Debits	Credits
<b>Company: PSI Energy, Inc.</b>				
<b>ARO Description: Gibson 5 Asbestos</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	\$82,661.73	
	Accumulated depreciation:			\$24,132.73
	Initial liability:	230800 - ARO Liability		\$82,661.73
	Accretion Expense:	230800 - ARO Liability		\$129,486.39
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$153,619.12	\$0.00
<b>ARO Description: Gibson 5 River Structure</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	\$305.48	
	Accumulated depreciation:			\$136.80
	Initial liability:	230800 - ARO Liability		\$305.48
	Accretion Expense:	230800 - ARO Liability		\$1,696.59
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$1,833.39	\$0.00
<b>ARO Description: Gibson 5 SCR Catalyst A 2005</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	\$128,812.96	
	Accumulated depreciation:			\$15,028.16
	Initial liability:	230800 - ARO Liability		\$128,812.96
	Accretion Expense:	230800 - ARO Liability		\$3,451.46
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$18,479.62	\$0.00

ARO Transition Journal Entry Report

Clenergy Corp.

Note: Depreciation Expense Accounts will be determined by the Depr. Groups Assigned after all Transitions are Processed

	Account	Debits	Credits
<b>Company: PSI Energy, Inc.</b>			
<b>ARO Description: Gibson 5 SCR Catalyst B 2005</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$120,916.06	
Accumulated depreciation:			\$10,076.36
Initial liability:	230800 - ARO Liability		\$120,916.06
Accretion Expense:	230800 - ARO Liability		\$3,301.68
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$13,378.04	\$0.00
<b>ARO Description: Gibson FGD Waste Landfill</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$1,158,956.06	
Accumulated depreciation:			\$309,235.95
Initial liability:	230800 - ARO Liability		\$1,158,856.06
Accretion Expense:	230800 - ARO Liability		\$1,165,375.56
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$1,474,611.51	\$0.00
<b>ARO Description: Noblesville Asbestos</b>			
Long-lived asset:	101800 - Reg Plant In Service ARO	\$57,426.65	
Accumulated depreciation:			\$18,172.40
Initial liability:	230800 - ARO Liability		\$57,426.65
Accretion Expense:	230800 - ARO Liability		\$89,956.70
Depreciation Adjustments:		\$0.00	\$0.00
Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$108,129.10	\$0.00

ARO Transition Journal Entry Report

Cinergy Corp.

Note: Depreciation Expense Accounts will be determined by the Depr. Groups Assigned after all Transitions are Processed

		Account	Debits	Credits
<b>Company: PSI Energy, Inc.</b>				
<b>ARO Description: Noblesville Repowering</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	\$0.00	
	Accumulated depreciation:			\$2,288,769.44
	Initial liability:	230800 - ARO Liability		\$0.00
	Accretion Expense:	230800 - ARO Liability		\$117,697.61
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	(B) \$2,406,467.05	\$0.00
<b>ARO Description: Wabash River Asbestos</b>				
	Long-lived asset:	101800 - Reg Plant In Service ARO	\$410,210.13	
	Accumulated depreciation:			\$164,264.74
	Initial liability:	230800 - ARO Liability		\$410,210.13
	Accretion Expense:	230800 - ARO Liability		\$650,482.22
	Depreciation Adjustments:		\$0.00	\$0.00
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	\$814,726.96	\$0.00

ARO Transition Journal Entry Report

Cinergy Corp

Note: Depreciation Expense Accounts will be determined by the Depr. Groups Assigned after all Transitions are Processed

Account	Debits	Credits
Company: PSI Energy, Inc.		
ARO Description: Wabash River River Structure		
Long-lived asset: 101800 - Reg Plant In Service ARO	\$6,533.60	
Accumulated depreciation:		\$4,555.20
Initial liability: 230800 - ARO Liability		\$6,533.60
Accretion Expense: 230800 - ARO Liability		\$168,498.22
Depreciation Adjustments:	\$0.00	\$0.00
Cumulative-effect adjustment: 182303 - ARO Other Regulatory Asset	\$173,053.42	\$0.00
Company Totals: PSI Energy, Inc.		

Long-lived asset:	\$7,825,090.50	
Accumulated depreciation:		\$5,198,199.79
Initial liability:		\$7,825,090.50
Accretion Expense:		\$7,042,845.99
Depreciation Adjustments:	\$0.00	\$0.00
Cumulative-effect adjustment:	\$12,241,045.78	\$0.00

less ② =  $\frac{3994,226.64}{8,246,819.14}$

> manually move to COR from 182303

**Welles, Sarah**

**From:** Isaack, Keith  
**Sent:** Tuesday, October 11, 2005 10:46 AM  
**To:** Glenn, Erica  
**Cc:** Owens, David; Reynolds, Jaime  
**Subject:** FW: Asbestos Files

**Importance:** High

**Attachments:** Substation List- Ohio.doc

Attached is a revised list of the Cinergy East Substations containing asbestos. Several of the East situations have been mitigated since the documents were created or revised. I did notice what I believe to be an East document in the West folder (Madison Substation.dot) and West documents in the East folder (Greensburg Washington Substation, Greentown 138kV Substation, Greenwood Office, Jackson St. Building & Lafayette Cincinnati Substation). Dave you may want to check both folders. Please contact me if you have any questions.



Substation List-  
Ohio.doc

**Keith Isaack**

---

**From:** Glenn, Erica  
**Sent:** Tuesday, October 11, 2005 8:46 AM  
**To:** Owens, David; Isaack, Keith  
**Cc:** Reynolds, Jaime  
**Subject:** FW: Asbestos Files  
**Importance:** High

Dave and Keith,

Here is a link to the old asbestos studies we discussed yesterday. Thank you again for your time. I look forward to working with you on this project.

Erica

---

**From:** Jett, Joseph  
**Sent:** Monday, September 26, 2005 12:40 PM  
**To:** Glenn, Erica  
**Subject:** Asbestos Files  
**Importance:** High

Erica, here is a link to the asbestos reports. Let me know if this is the information you needed per your request to Steve Ruehlman.

---

Click on following link...

"\\plfld2\humanres\Safety\"

...then double-click on the folder,

**Asbestos Inspections**

## Asbestos-Containing Substation Index:

1. Brighton Substation
2. Central Substation
3. Charles Street Old Substation
4. Chase Substation
5. Cheviot Substation
6. College Hill Substation
7. ~~Dayton Substation~~ – Site mitigated & building removed 2004
8. Ebenezer Substation
9. Elmwood Substation
10. Evendale Substation
11. Evanston Substation
12. Ft. Mitchell Substation
13. Foster Substation
14. Kenton Substation
15. Latonia Substation
16. Latonia Substation Storage
17. Linwood Substation
18. Madison Substation – Site to be mitigated by 12/31/05
19. ~~Mariemont Substation~~ – Site mitigated & property donated City of Mariemont
20. Markley Substation
21. Midway Substation
22. Mt. Auburn Substation
23. Norwood Substation
24. Oakley Substation
25. Price Hill Substation
26. Summerside Substation
27. Tobasco Substation
28. Walnut Hills Substation
29. West End Substation
30. Wilder Substation
31. ~~York Substation~~ – Site mitigated & substation rebuilt in 2005

**Welles, Sarah**

---

**Subject:** FW: Asbestos abatement - Fin 47  
**Location:** Auditorium Rm A

**Start:** Sun 10/16/2005 3:00 PM  
**End:** Sun 10/16/2005 3:30 PM  
**Show Time As:** Tentative

**Recurrence:** (none)

**Meeting Status:** Not yet responded

I checked with Steve Ruehlman and both employees in Real Estate Services east and west to see if asbestos in a building has impacted the sale price. All responded that it has not impacted the price. I am still trying to track down the asbestos survey of Plainfield.

---

**From:** Reynolds, Jaime  
**Sent:** Friday, October 14, 2005 12:48 PM  
**To:** Reynolds, Jaime; Sheppard, Amy; Glenn, Erica; Vance, Brian; Jett, Joseph; Ruehlman, Steve  
**Cc:** Melendez, Brenda  
**Subject:** Updated: Asbestos abatement - Fin 47  
**When:** Sunday, October 16, 2005 3:00 PM-3:30 PM (GMT-05:00) Eastern Time (US & Canada).  
**Where:** Auditorium Rm A

**Update for location. We got bumped from 234Annex and are now in Auditorium Room A.**

To follow up on the 10/7 meeting and to keep the ball rolling on this we'd like to get the group together again to discuss any progress made regarding:

- Any discussions with 3rd party?
- Develop time frame of study, possible ways to narrow focus?
- For substations - determine if a sample study on several of the sites could be used as a basis to extend out to the other substations.
- Historical Maintenance- **Joe/Steve?** Can you gather some historical data to get a sense for how often the asbestos in the buildings has been disturbed and how likely it will be in the future?
- Come up with ways to estimate the timing for when the abatement work will be performed.
- Any other issues???



**Welles, Sarah**

---

**From:** Riffe, Larry  
**Sent:** Wednesday, December 14, 2005 11:32 AM  
**To:** Sheppard, Amy; Glenn, Erica; Melendez, Brenda; Reynolds, Jaime  
**Subject:** FW: CIN Updated Levels

**Attachments:** CIN Spreads 12-14-05.pdf



CIN Spreads  
12-14-05.pdf

FYI

-----Original Message-----

From: Koji.Inoue@barclayscapital.com [mailto:Koji.Inoue@barclayscapital.com]  
Sent: Wednesday, December 14, 2005 10:44 AM  
To: Vogt, Chris; Aumiller, Wendy; Bowen, Ed; Riffe, Larry; Bowman, Donald  
Cc: Jim.Glascott@barclayscapital.com; Michael.Hardgrove@barclayscapital.com;  
Michael.Brennan@barclayscapital.com; Diego.Kuschnir@barclayscapital.com;  
Tony.Liu@barclayscapital.com  
Subject: CIN Updated Levels

Attached please find updated secondary and indicative new issue levels.

<<CIN Spreads 12-14-05.pdf>>

Issuance volume has slowed significantly this week and is expected to be light for the remainder of the year. Thus far, only two deals of note have priced this week, a \$500 million offering of 5-year notes (A1/A+) for Honda Finance and a \$500 million offering of 2-year notes (Baa3/BBB) for Cardinal Health. While both deals were met with fairly good demand, several large investors either did not participate, or bought in far smaller size than usual since they were in the process of closing their books for the year. Once freed to trade, both transaction remained issue bid. Barclays was a bookrunner on both deals.

Yesterday, as expected, the FOMC raised rates by 25bps. The accompanying statement dropped the reference to policy accommodation, but continued to indicate that more rate hikes are likely. Investors interpreted the removal of the "accommodative" phrase as a sign that the Fed may soon end their run of increases. Treasuries rallied 2-3bps across the curve today on the announcement. Today, Treasuries have rallied another 2-4bps after government data showed that the Import Prices in November fell 1.7%, in excess of the 0.5% decrease economists were expecting.

As always, please feel free to call with any questions.

Best,  
Koji Inoue  
Barclays Capital  
Debt Capital Markets  
212.412.5152  
koji.inoue@barcap.com

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For more information about Barclays Capital, please visit our web site at  
<http://www.barcap.com>.

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**KyPSC Case No. 2006-00172**  
**Attachment AG-DR-02-028**  
**Page 340 of 608**



## Secondary Trading Levels

Issuer	Moody's	S&P	Amt	Cpn	Mty	Spread	Libor
Cinergy Corp	Baa2	BBB	500	6.750%	03/03	+75	+27
Duke Capital Corp	Baa3	BBB	500	6.375%	03/09	+78	+25
Duke Capital Corp	Baa3	BBB	288	5.800%	03/14	+116	+65
Duke Capital Corp	Baa3	BBB	250	6.750%	02/32	+165	+102
Constellation Energy Grp	Baa1	BBB	550	4.550%	06/15	+122	+68
Constellation Energy Grp	Baa1	BBB	700	7.600%	04/32	+170	+117
Dominion Resources Inc	Baa1	BBB+	500	5.150%	07/15	+118	+64
Dominion Resources Inc	Baa1	BBB+	500	5.950%	06/35	+160	+108
Exelon Corporation	Baa2	BBB	400	4.450%	06/10	+95	+44
Exelon Corporation	Baa2	BBB	800	4.900%	06/15	+112	+63
Exelon Corporation	Baa2	BBB	500	5.625%	06/35	+155	+101
DTE Energy Co	Baa2	BBB	600	7.050%	06/11	+100	+48
DTE Energy Co	Baa2	BBB	400	6.375%	04/33	+168	+114
Progress Energy Inc	Baa2	BBB	450	6.850%	04/12	+108	+61
Progress Energy Inc	Baa2	BBB	650	7.750%	03/31		
American Electric Power	Baa2	BBB	500	5.375%	03/10	+82	+32
American Electric Power	Baa2	BBB	300	5.250%	06/15	+95	+41
FirstEnergy Corp	Baa3	BBB	1500	6.450%	11/11	+86	+34
FirstEnergy Corp	Baa3	BBB	1500	7.375%	11/31	+152	+99

↓ negative outlook ↓ negative watch ↔ outlook forming ↑ positive outlook ↑ positive watch \*secured

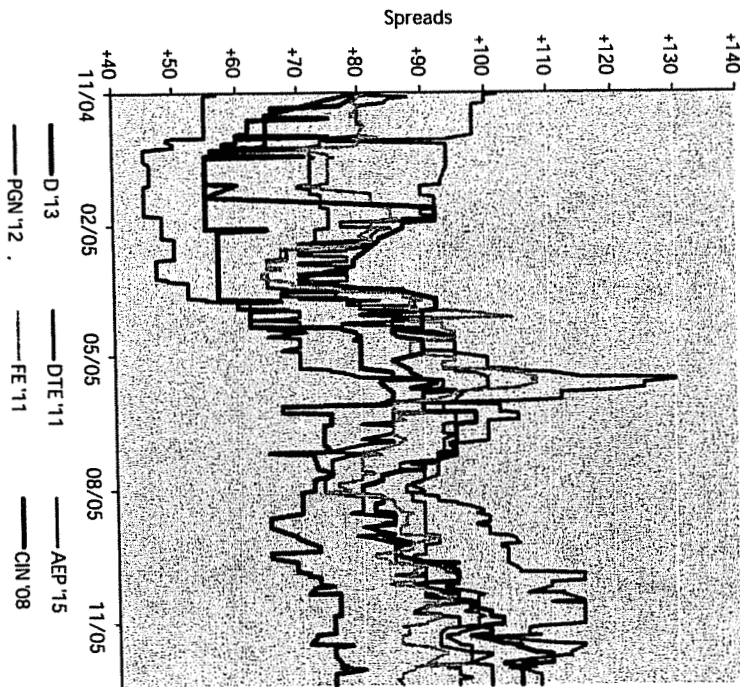
Issuer	Moody's	S&P	Amt	Cpn	Mty	Spread	Libor
Baltimore Gas & Electric	A2	BBB+	200	5.200%	06/33	+118	+64
Virginia Electric & Power	A3	BBB+	400	4.750%	03/13	+85	+36
Consolidated Natural Gas	A3	BBB+	200	5.000%	12/14	+100	+47
Commonwealth Edison*	A3	A-	600	6.150%	03/12	+98	+51
Commonwealth Edison*	A3	A-	350	5.875%	02/33	+138	+84
Detroit Edison Company*	A3	BBB+	200	4.800%	02/15	+95	+42
Detroit Edison Company*	A3	BBB+	200	5.450%	02/35	+130	+76
Michigan Consolidated Gas*	A3	BBB	200	5.700%	03/33	+130	+76
Carolina Power & Light*	A3	BBB	300	5.150%	04/15	+90	+36
Carolina Power & Light*	A3	BBB	200	5.700%	04/35	+115	+61
Ohio Power Company	A3	BBB	250	5.500%	02/13	+90	+41
AEP Texas Central	Baa2	BBB	275	5.500%	02/13	+95	+46
Columbus Southern Power	A3	BBB	250	6.600%	03/33	+136	+82
Ohio Edison	Baa2	BBB-	175	4.000%	05/08	+73	+26
Ohio Edison	Baa2	BBB-	150	5.450%	05/15	+103	+49



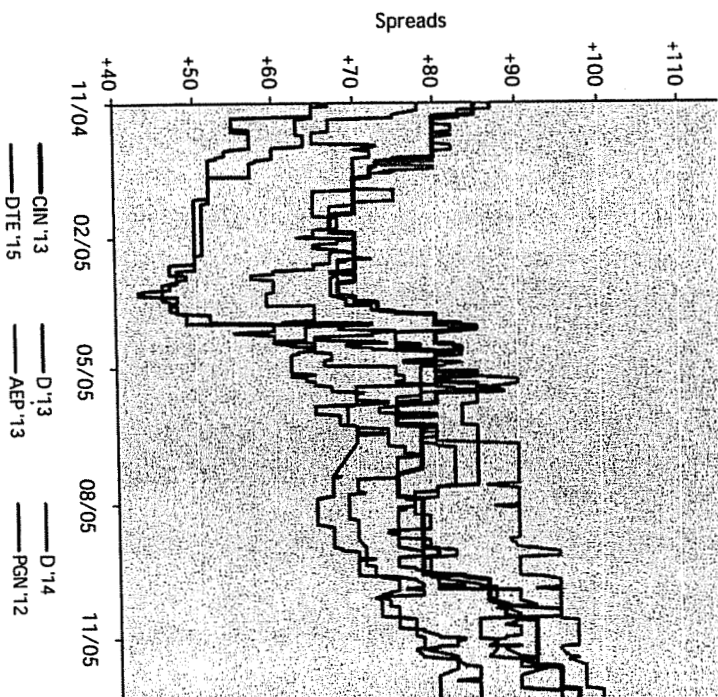


## Recent Trading Activity

Holding Company Trading History



Operating Company Trading History





Indicative New Issue Pricing – Cinergy Notes (Baa2/BBB↓)

	2 Years	3 Years	5 Years	7 Years	10 Years	12 Years	15 Years	20 Years	30 Years
Fixed Rate Issuance									
Benchmark	4.25% 11/07	4.375% 11/08	4.375% 12/10	4% 11/12	4.5% 11/15	4.5% 11/15	4.5% 11/15	5.375% 2/31	5.375% 2/31
Benchmark Yield	4.410%	4.420%	4.440%	4.500%	4.530%	4.530%	4.530%	4.730%	4.730%
Reoffer Spread	+75 area	+80 area	+95 area	+105 area	+115 - 120	+140 area	+155 area	+155 area	+165 area
Reoffer Yield	5.16% area	5.22% area	5.39% area	5.55% area	5.68% - 5.73%	5.93% area	6.08% area	6.28% area	6.38% area
Underwriting Commission	0.250%	0.350%	0.600%	0.625%	0.650%	0.675%	0.750%	0.875%	0.875%
All-in Yield	5.29% area	5.35% area	5.53% area	5.66% area	5.77% - 5.82%	6.01% area	6.16% area	6.36% area	6.45% area
Swapped to LIBOR Levels									
Swap Spread	+45	+48	+52	+52	+55	+60	+65	+50	+53
Reoffer versus LIBOR	\$L+30 area	\$L+32 area	\$L+43 area	\$L+53 area	\$L+60 - 65	\$L+80 area	\$L+90 area	\$L+105 area	\$L+112 area
All-in versus LIBOR	\$L+43 area	\$L+45 area	\$L+57 area	\$L+64 area	\$L+69 - 74	\$L+88 area	\$L+98 area	\$L+113 area	\$L+119 area
Floating Rate Issuance	2Yr NCL	2Yr NC 6m	3Yr NCL	3Yr NC 6m					
Reoffer vs LIBOR	\$L+30 area	\$L+33 area	\$L+35 area	\$L+40 area					
Underwriting Commission	0.250%	0.250%	0.350%	0.350%					
All-in vs LIBOR	\$L+43 area	\$L+46 area	\$L+48 area	\$L+53 area					

Benchmark and reoffer spreads as of 12/14/2005.





## Indicative New Issue Pricing: CG&E/PSI/ULH&P Notes (Baa1/BBB↓)

Fixed Rate Issuance	2 Years	3 Years	5 Years	7 Years	10 Years	12 Years	15 Years	30 Years
Benchmark	4.25% 11/07	4.375% 11/08	4.375% 12/10	4% 11/12	4.5% 11/15	4.5% 11/15	4.5% 11/15	5.375% 2/31
Benchmark Yield	4.410%	4.420%	4.440%	4.500%	4.530%	4.530%	4.530%	4.730%
Reoffer Spread	+65 - 70	+70 - 75	+85 - 90	+95 - 100	+110 area	+135 area	+150 area	+155 area
Reoffer Yield	5.06% - 5.11%	5.12% - 5.17%	5.29% - 5.34%	5.45% - 5.50%	5.63% area	5.88% area	6.03% area	6.28% area
Underwriting Commission	0.250%	0.350%	0.600%	0.625%	0.650%	0.675%	0.750%	0.875%
All-in Yield	5.19% - 5.24%	5.25% - 5.30%	5.43% - 5.48%	5.56% - 5.61%	5.72% area	5.96% area	6.11% area	6.35% area
<b>Swapped to LIBOR Levels</b>								
Swap Spread	+45	+48	+52	+52	+55	+60	+65	+53
Reoffer versus LIBOR	\$L+20 - 25	\$L+22 - 27	\$L+33 - 38	\$L+43 - 48	\$L+55 area	\$L+75 area	\$L+85 area	\$L+102 area
All-in versus LIBOR	\$L+33 - 38	\$L+35 - 40	\$L+47 - 52	\$L+54 - 59	\$L+64 area	\$L+83 area	\$L+93 area	\$L+109 area

Floating Rate Issuance	2yr NCL	2yr NC 6m	3yr NCL	3yr NC 6m
Reoffer vs LIBOR	\$L + 25 area	\$L + 28 - 30	\$L + 30 area	\$L + 35 area
Underwriting Commission	0.250%	0.250%	0.350%	0.350%
All-in vs LIBOR	\$L+ 38 area	\$L+ 41 - 43	\$L + 43 area	\$L + 48 area

Benchmark and reoffer spreads as of 12/14/2005.



**Welles, Sarah**

**From:** Reynolds, Jaime  
**Sent:** Tuesday, November 15, 2005 9:36 AM  
**To:** Ryan, Timothy; Ruehlman, Steve; Jett, Joseph  
**Cc:** Glenn, Erica  
**Subject:** FW: Cinergy-Facilities-Asbestos.xls

**Attachments:** Cinergy-Facilities-Asbestos.xls



Cinergy-Facilities-Asbestos.xls...

Tim, Joe, Steve

I've gone through Tim's list and added a tab where I removed the substations, gen. stations, headquarter buildings and microwave sites. What is left is what I believe to be the district offices and miscellaneous buildings. In the "asbestos Y/N" column, Tim had yes's where he is aware of asbestos, I've added in green, yes's where I believe there to be asbestos based on the surveys Joe provided. Can you all do one last review to make sure we have a complete list and accurate asbestos information, to the best of your knowledge? Once this is final, we can move on with the materiality determination and close the book on the subject.

Thanks for your help.  
Jaime

-----Original Message-----

**From:** Ryan, Timothy  
**Sent:** Friday, November 11, 2005 1:54 PM  
**To:** Reynolds, Jaime  
**Subject:** Cinergy-Facilities-Asbestos.xls

Jamie, this is what we have to date and this report includes generating stations that we do not manage and the microwave sites that we do manage.

Cinergy-Facilities-Asbestos.xls

<b>Tracking:</b>	<b>Recipient</b>	<b>Delivery</b>	<b>Read</b>
	Ryan, Timothy	Delivered: 11/15/2005 9:36 AM	Read: 11/15/2005 10:40 AM
	Ruehlman, Steve		Read: 11/16/2005 7:51 AM
	Jett, Joseph	Delivered: 11/15/2005 9:36 AM	
	Glenn, Erica		Read: 11/15/2005 9:46 AM

ARCHIBUS/FM Data Transfer

Leased	Site Code	Building Name	Building Code	Building Contact	Int. Gross Sft	City Code	Address	Comments
Owned	4MII	4th & Main Building	01	Jett, Joe	193667.00 OH	CINCINNATI	YES	
Owned	MIC	ABVD		Tyer, Darrell	0.00 IN		UNKNOW	
Leased	4MH	Annex Building	02	Jett, Joe	364403.00 OH	CINCINNATI	YES	
Owned	4MH	Artum II	ATR	Gamm, Joyce	160783.00 OH	CINCINNATI	YES	
Owned	SUB	ATT		Tyer, Darrell	0.00 IN		UNKNOW	
Owned	SUB	ATT		Tyer, Darrell	8795.24 IN		YES	ATTICA
Owned	OH-KY	Augustine	AUG	Tammel, Fred	57852.40 KY	COVINGTON	NO	
Owned	INDC	Aurora	AUR	Shelton, Ray	15159.90 IN	AURORA	NO	
Owned	INDC	Aurora Garage	ARG	Shelton, Ray	1796.21 IN		NO	
Owned	SUB	BAT		Tyer, Darrell	0.00 IN		UNKNOW	
Owned	OH-KY	Batavia	BAT	Tammel, Fred	10626.40 OH	BATAVIA		
Owned	MICE	Batavia Hill	BATA	Tammel, Fred	0.00 OH			
Owned	OH-KY	Batavia	BAT	Tammel, Fred	0.00 IN		UNKNOW	
Owned	MIC	Batesville	BATE	Tyer, Darrell	0.00 IN		UNKNOW	
Owned	MIC	Beaumont Radio	BEAN	Tyer, Darrell	0.00 IN		UNKNOW	
Owned	MICE	Beckford Station	BECK	Tammel, Fred	0.00 OH			
Owned	OH-KY	Beckford Gen. Station	BEC		0.00 OH			
Owned	SUB	Bedford 354kv	BED1	Tyer, Darrell	0.00 IN		UNKNOW	
Owned	SUB	Bedford 138kv	BED2	Tyer, Darrell	0.00 IN		UNKNOW	
Owned	MICE	Bedford	BED	Tyer, Darrell	0.00 IN		UNKNOW	
Owned	INDC	Bedford	BED	Shelton, Ray	21352.80 IN	BEDFORD	YES	
Owned	MICE	Bedford	BEDE	Tyer, Darrell	0.00 IN		UNKNOW	
Owned	INDC	Bloomfield Garage	BLG	Tyer, Darrell	864.26 IN	BLOOMINGTON	YES	
Owned	INDW	Bloomfield	BLF	Tyer, Darrell	4140.87 IN	BLOOMFIELD	NO	
Owned	MIC	Bloomington Radio	BL00	Tyer, Darrell	0.00 IN		UNKNOW	
Owned	SUB	Bloomington 230 North	BLM3	Tyer, Darrell	0.00 IN		UNKNOW	
Owned	SUB	Bloomington Rodgers St	BLM2	Tyer, Darrell	0.00 IN		UNKNOW	
Owned	SUB	Bloomington West	BLM1	Tyer, Darrell	0.00 IN		UNKNOW	
Owned	MIC	Bannington	BEAN	Tyer, Darrell	0.00 IN		UNKNOW	
Owned	MICE	East Band Station	BEND	Tammel, Fred	0.00 OH			
Owned	MIC	Brazz	BRAZ	Tyer, Darrell	0.00 IN		UNKNOW	
Owned	INDW	Brazz	BRAZ	Tyer, Darrell	9878.57 IN	BRAZIL	YES	
Owned	INDW	Brazz	BZC	Tyer, Darrell	3460.54 IN	BRAZIL	YES	
Owned	INDW	Brazz Storage	BZS	Tyer, Darrell	1176.24 IN	BRAZIL	NO	
Owned	MICE	Brockville Radio	BR00	Tyer, Darrell	0.00 IN		UNKNOW	
Owned	OH-KY	Brockville Radio	BR00	Tammel, Fred	0.00 IN		UNKNOW	
Owned	MIC	BROO		Tyer, Darrell	0.00 IN		UNKNOW	
Owned	SUB	BUR		Tyer, Darrell	0.00 IN		UNKNOW	
Owned	CAR	Burrows Substation	BUR	Tyer, Darrell	0.00 IN		UNKNOW	
Owned	INDC	Carmel Out Building	CAR	Shelton, Ray	18731.50 IN	CARMEL	YES	
Owned	INDC	Carmel	CAR	Shelton, Ray	5701.31 IN	CARMEL	YES	
Owned	MIC	Caterpillar	CATE	Tyer, Darrell	0.00 IN		UNKNOW	
Owned	SUB	Cayuga Control Room	CAY	Tyer, Darrell	0.00 IN		UNKNOW	
Owned	MIC	CAVU		Tyer, Darrell	0.00 IN		UNKNOW	



Leased/ Owned	Site Code	Building Name	Building Code	Building Contact	Int. Gross Net Area	State Code	City Code	Asbestos Y/N	Comments
Owned	INDW	Cayuga Gen. Station	CAY		0.00	IN	CAYUGA		
Owned	SUB	CEN	Cenerton Substation	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	MIC	CENT	Centerville Radio	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	MIC	CHAR	Charlottesville	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	MIC	CLAR	Clarksville	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	INDC	Clarksville	CLK	Shelton, Ray	99709.50	IN	CLARKSVILLE	YES	
Owned	INDC	Clarksville Garage	CKG	Shelton, Ray	1720.89	IN	CLARKSVILLE	YES	
Owned	SUB	CL11	Clinton 230kv	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	SUB	CL12	Clinton Eli Lilly North	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	SUB	CL13	Clinton Eli Lilly South	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	INDW	Clinton	CLN	Tyler, Darrell	17938.20	IN	CLINTON	UNKNOWN	Building built in 1992
Owned	INDW	Clinton Garage	CLG	Tyler, Darrell	1220.50	IN	CLINTON	UNKNOWN	Building built in 1992
Leased	4MH	Clopay	CLO	Gamm, Joyce	92368.20	OH	CINCINNATI		
Owned	SUB	CLV	Cloverdale 138kv	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	SUB	COL1	Columbus Denois Creek	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	SUB	COL2	Columbus Clifty Creek	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	SUB	COL3	Columbus Michigan St	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	SUB	COL4	Columbus 345kv	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	MIC	COLD	Columbus Division	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	MIC	COLU	Columbus	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	INDC	Columbus	COL	Shelton, Ray	109584.00	IN	COLUMBUS	YES	
Owned	INDC	Columbus Customer Service	CLC	Shelton, Ray	4501.51	IN		YES	
Owned	INDC	Columbus IN Garage	COG	Shelton, Ray	1749.86	IN		YES	
Owned	SUB	CON	Connersville Peaking Sta	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	SUB	CON1	Connersville 138kv	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	MIC	CONN	Connersville	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	INDC	Connersville	CON	Shelton, Ray	24881.70	IN	CONNERSVILLE	NO	
Owned	MIC	CORY	Corydon Radio	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	INDC	Corydon	CRY	Shelton, Ray	7172.80	IN	CORYDON	YES	
Owned	SUB	CRA	Crawfordsville 138kv	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	MIC	CRAW	Crawfordsville	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	SUB	CYG	Cayuga Electric Shop	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	OH-KY	Dana Electric	DAE	Trammel, Fred	112911.00	OH	CINCINNATI		
Owned	SUB	DEE	Deedsville 345kv	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	SUB	DEL	Delco Remy (Kokomo)	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	MIC	DELP	Delphi	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	MICE	DICK	Dicks Creek	Trammel, Fred	0.00	OH			
Owned	DIC	Dicks Creek Gas Plant	DIC	Shelton, Ray		OH	MONROE	YES	
Owned	MIC	DOVE	Dover Hill	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	MIC	DRES	Dresser	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	SUB	DRES	Dresser Sub	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	INDW	Dresser Shop	DRE		0.00	IN	TERRE HAUTE		
Owned	MICE	DUNL	Dunlap	Trammel, Fred	0.00	OH			
Owned	OH-KY	East Bond Gen. Station	EAS		0.00	KY	RABBIT HASH		
Owned	OH-KY	Eastern Ave	EAT	Trammel, Fred	0.00	OH	CINCINNATI		
Owned	MIC	ECKE	Eckerty Radio	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	SUB	EDW	Edwardsport Control Bldg	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	MIC	EDWA	Edwardsport	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	INDW	Edwardsport	EDW		0.00	IN	EDWARDSPORT		
Owned	MIC	ENGL	English Radio	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	OH-KY	Erfanger	ERL	Trammel, Fred	0.00	KY	ERLANGER		
Owned	MIC	FAIB	Fairbanks	Tyler, Darrell	0.00	IN		UNKNOWN	
Owned	FAIR	Fairfield	FFD	Shelton, Ray	12765.50	OH	FAIRFIELD	YES	
Owned	MIC	FAIV	Fairview	Tyler, Darrell	0.00	IN		UNKNOWN	



Lead	Site Code	Building Name	Building Code	Building Contact	Int'l Gross Sale	City Code	Adbestos	Comments
Owned	JASO	Jasonville		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	Jeffersonville Kentucky		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	KOK1		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	KOK2		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	KOK3		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	KOKO		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	KOKO		Tyler, Darrell	0.00		UNKNOWN	
Owned	INDV	Kokomo		Tyler, Darrell	182359.00	KOKOMO	YES	
Owned	INDV	Kokomo Outbdg Storage		Tyler, Darrell	8504.95	KOKOMO	NO	
Owned	SUB	Lafayette 230kv		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	LAF1		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	Lafayette Concord Rd Su		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	LAF2		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	Lafayette Isuzu Sub		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	LAF3		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	Lafayette Southeast Sub		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	LAF4		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	Lafayette Control		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	LAF5		Tyler, Darrell	0.00		UNKNOWN	
Owned	MIC	LAF6		Tyler, Darrell	0.00		UNKNOWN	
Owned	INDV	Lafayette Cust Services		Tyler, Darrell	30424.80	LAFAYETTE	YES	
Owned	INDV	LAF		Tyler, Darrell	9103.62	LAFAYETTE	YES	
Owned	INDV	Lafayette Pole Barn		Tyler, Darrell	4144.13	LAFAYETTE	NO	
Owned	MIC	LAWR		Tyler, Darrell	0.00		UNKNOWN	
Owned	OH-KY	Little Miami		Trammel, Fred	12406.70	MILFORD		
Owned	OH-KY	Little Miami Garage		Trammel, Fred	281.05	MILFORD		
Owned	MIC	LOGA		Tyler, Darrell	0.00		UNKNOWN	
Owned	MIC	Logansport Radio		Tyler, Darrell	4097.30	LOGOOSTEE	NO	
Owned	INDV	Logostee		Tyler, Darrell	0.00		UNKNOWN	
Owned	MIC	LYFO		Tyler, Darrell	0.00		UNKNOWN	
Owned	MIC	Lyford		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	MAD		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	Madison 138kv		Tyler, Darrell	0.00		UNKNOWN	
Owned	MIC	MADI		Tyler, Darrell	0.00		UNKNOWN	
Owned	MIC	Madison		Tyler, Darrell	0.00		UNKNOWN	
Owned	INDC	Madison Customer Service		Shelton, Ray	15394.80	MADISON	YES	
Owned	INDC	Madison Garage		Shelton, Ray	2503.17	MADISON	Building Sold	
Owned	INDC	Madison Garage		Shelton, Ray	2805.53	MADISON	YES	
Owned	MIC	Manchester		Trammel, Fred	0.00		UNKNOWN	
Owned	SUB	Markand Dam		Tyler, Darrell	0.00		UNKNOWN	
Owned	MIC	MART		Tyler, Darrell	0.00		UNKNOWN	
Owned	MIC	Marthsville Radio		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	MART		Tyler, Darrell	0.00		UNKNOWN	
Owned	INDV	Marthsville		Tyler, Darrell	9318.82	MARTHNSVILLE	YES	
Owned	OH-KY	Miami Fort Gen, Station		MA	0.00		UNKNOWN	
Owned	OH-KY	Miami Town		MIT	0.00		UNKNOWN	
Owned	SUB	MIDD		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	Middle Fork 69kv		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	MIT		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	MITCHELL		Tyler, Darrell	1754.18	MITCHELL	Building Sold	
Owned	INDC	MOH		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	Monkawk 138kv		Tyler, Darrell	0.00		UNKNOWN	
Owned	OH-KY	Monk Height		Trammel, Fred	35373.10	CINCINNATI	YES	
Owned	INDC	New Castle Garage		Shelton, Ray	22578.20	NEW CASTLE	YES	
Owned	INDC	New Castle Garage		Shelton, Ray	2710.54	NEW CASTLE	YES	
Owned	SUB	NEVA		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	New Albany 138kv		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	New Castle		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	New Palmsuna Substatio		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	NEWP		Tyler, Darrell	0.00		UNKNOWN	
Leased	OH-KY	Newport Office		Trammel, Fred	2937.59	NEWPORT	Added Bldg 1/19/2005 ->Bova	
Owned	MIC	North Manchester Radio		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	NOB1		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	Noblesville Northeast Sub		Tyler, Darrell	0.00		UNKNOWN	
Owned	MIC	NOBL		Tyler, Darrell	0.00		UNKNOWN	
Owned	SUB	Noblesville East Sub		Tyler, Darrell	0.00		UNKNOWN	
Owned	INDC	Noblesville		Shelton, Ray	23166.50	NOBLESVILLE	YES	
Owned	INDC	Noblesville Garage		Shelton, Ray	0.00		NOBLESVILLE	YES
Owned	INDC	Noblesville Gen. Station		Shelton, Ray	0.00		NOBLESVILLE	YES
Owned	INDC	Noblesville Pole Barn		Shelton, Ray	0.00		NOBLESVILLE	YES

Leased/Owned	Site Code	Building Name	Building Code	Building Contact	Int. Gross Area Net Area	State Code	City Code	Asbestos Y/N	Comments
Owned	SUB	NTHM	North Manchester 69kv	Tyler, Darrell	0.00 IN			UNKNOWN	
Owned	SUB	NTHV	north Vernon 138kv	Tyler, Darrell	0.00 IN			UNKNOWN	
Owned	SUB	NLUCR	Nucor Substation	Tyler, Darrell	0.00 IN			UNKNOWN	
Owned	MIC	NVER	North Vernon Radio	Tyler, Darrell	0.00 IN			UNKNOWN	
Owned	SUB	NWC1	New Castle / Ave Sub	Tyler, Darrell	0.00 IN			UNKNOWN	
Owned	SUB	NWC2	New Castle Northeast 131	Tyler, Darrell	0.00 IN			UNKNOWN	
Owned	SUB	OAK	Oakland City 138kv	Tyler, Darrell	0.00 IN			UNKNOWN	
Owned	MIC	OAKL	Oakland City Radio	Tyler, Darrell	0.00 IN			UNKNOWN	
Owned	INDW	Oakland City		Tyler, Darrell	4139.72 IN		OAKLAND	YES	
Owned	OH-KY	Oakley Storage	OAK	Trammell, Fred	5894.69 OH		CINCINNATI		
Leased	OKL	Oakley Storage	OAS	Trammell, Fred	7133.40 OK		CINCINNATI		
Owned	OKL	Oklahoma City	OKL	Tyler, Darrell	0.00 IN		OKLAHOMA	UNKNOWN	
Owned	MIC	PETZ	Peetersburg Radio	Tyler, Darrell	0.00 IN			UNKNOWN	
Owned	SUB	PFTZ	Pfizer Substation	Tyler, Darrell	0.00 IN			UNKNOWN	
Owned	SUB	PFTT	Pfizersboro Substation	Tyler, Darrell	0.00 IN			UNKNOWN	
Owned	MIC	PLAI	Plainfield	Tyler, Darrell	0.00 IN			UNKNOWN	
Owned	PLA	Plainfield DayCare Barn	IDM	Morrison, Gail	266.78 IN		PLAINFIELD	N	
Owned	PLA	Plainfield Central Garage	IGA	Morrison, Gail	51625.10 IN		PLAINFIELD	Y	
Owned	PLA	Plainfield DayCare	IDA	Morrison, Gail	18150.00 IN		PLAINFIELD	N	
Owned	PLA	Plainfield Electric Shop	IEL	Morrison, Gail	74126.80 IN		PLAINFIELD	Y	
Owned	PLA	Plainfield HVAC Building	IHV	Morrison, Gail	2284.69 IN		PLAINFIELD	N	
Owned	PLA	Plainfield Oil House	IOH	Morrison, Gail	4371.23 IN		PLAINFIELD	Y	
Owned	PLA	Plainfield PCB Building	IPC	Morrison, Gail	1171.36 IN		PLAINFIELD	N	
Owned	PLA	Plainfield Stores Bldg	IST	Morrison, Gail	81286.30 IN		PLAINFIELD	Y	
Owned	PLA	Plainfield Tunnel	ITN	Morrison, Gail	10021.30 IN		PLAINFIELD	Y	
Owned	INDW	Plainfield/Darville	PLD	Tyler, Darrell	20347.90 IN		DANVILLE	YES	
Owned	PLA	Plainfield Facility/Environmt	IIE	Morrison, Gail	5384.03 IN		PLAINFIELD	N	
Owned	PLA	Plainfield Helicopter Bldg	IHE	Morrison, Gail	14281.70 IN		PLAINFIELD	N	
Owned	MIC	PLAN	Plainfield East Sub	Tyler, Darrell	0.00 IN			UNKNOWN	
Owned	SUB	PLFE	Plainfield East Sub	Tyler, Darrell	0.00 IN			UNKNOWN	
Owned	PLA	Pfild Security Station	ISS	Morrison, Gail	111.85 IN		PLAINFIELD	N	
Owned	PLA	Pfild Training PoliceBarn	ITP	Morrison, Gail	4472.01 IN		PLAINFIELD	N	
Owned	INDW	Pfild/Darville East Gar	PEG	Tyler, Darrell	3240.39 IN			NO	
Owned	INDW	Pfild/Darville West Gar	PWG	Tyler, Darrell	3198.54 IN			NO	
Owned	SUB	PLFS	Plainfield South 138kv	Tyler, Darrell	0.00 IN		PRINCETON	UNKNOWN	
Owned	INDW	Princeton Garage	PRG	Tyler, Darrell	17163.00 IN			NO	
Owned	SUB	QVAL	Qualitech Steel Sub	Tyler, Darrell	3115.58 IN			UNKNOWN	
Owned	QUE	Queensgate	QUE	Jett, Joe	161000.00 OH		CINCINNATI	Y	
Owned	QUE	Queensgate Garage	QGG	Jett, Joe	6401.00 OH		CINCINNATI	Y	
Owned	MICE	RIPL	Ripley	Trammell, Fred	0.00 IN			UNKNOWN	
Owned	SUB	ROAC	Roachdale 69kv	Tyler, Darrell	0.00 IN			UNKNOWN	
Owned	MIC	ROCH	Rochester Radio	Tyler, Darrell	0.00 IN			UNKNOWN	
Owned	INDW	Rochester	Rochester Large Garage	Tyler, Darrell	8201.21 IN		ROCHESTER	YES	
Owned	INDW	Rochester	Rochester Small Garage	Tyler, Darrell	3584.11 IN		ROCHESTER	UNKNOWN	
Owned	INDW	RUSH	Rushville Radio	Tyler, Darrell	1666.04 IN		ROCHESTER	UNKNOWN	
Owned	MIC	RUSH	Rushville Radio	Tyler, Darrell	0.00 IN			UNKNOWN	
Owned	INDC	SALE	Salem Radio	Shanon, Ray	7055.37 IN		RUSHVILLE	YES	
Owned	MIC	SALEM	Salem Radio	Shanon, Ray	0.00 IN			UNKNOWN	
Owned	INDC	SAND	Sandout Substation	Tyler, Darrell	3407.64 IN		SALEM	YES	
Owned	SUB	SCOT	Scottsburg 69kv	Tyler, Darrell	0.00 IN			UNKNOWN	
Owned	MIC	SEYM	Seymour	Tyler, Darrell	0.00 IN			UNKNOWN	
Owned	SUB	SEYM	Seymour 138kv	Tyler, Darrell	0.00 IN			UNKNOWN	

Leased/Owned	Site Code	Building Name	Building Code	Building Contact	Net Gross Area	City Code	Address	Comments
Owned	INDC	Seymour	SEY	Shelton,Ray	1779.70	SEYMOUR	YES	
Owned	INDC	Seymour Garage	SYG	Shelton,Ray	5737.33	SEYMOUR	YES	
Owned	SUB	SHB1	SHB1	Tyler,Darrell	0.00	UNKNOWN	YES	
Owned	SUB	SHB2	SHB2	Tyler,Darrell	0.00	UNKNOWN	UNKNOWN	
Owned	MIC	SHEL	SHEL	Tyler,Darrell	0.00	UNKNOWN	UNKNOWN	
Owned	INDC	Shelbyville Garage	SHG	Shelton,Ray	2282.69	SHELBYVILLE	NO	
Owned	SUB	SHOA	SHOA	Tyler,Darrell	0.00	UNKNOWN	UNKNOWN	
Leased	LOU	Shreveport	SHR		0.00	LA	SHREVEPORT	
Owned	SUB	SPEEDS 138kv	SPEE	Tyler,Darrell	0.00	IN	UNKNOWN	
Owned	MIC	SPENCER	SPEN	Tyler,Darrell	0.00	IN	UNKNOWN	
Owned	SUB	SPENCER 230kv	SPEN	Tyler,Darrell	0.00	IN	UNKNOWN	
Owned	SUB	STATION 230kv	STAU	Tyler,Darrell	0.00	IN	UNKNOWN	
Owned	MIC	SULLIVAN	SULL	Tyler,Darrell	0.00	IN	UNKNOWN	
Owned	SUB	SULLIVAN 69kv	SULL	Tyler,Darrell	0.00	IN	UNKNOWN	
Owned	INDW	Sullivan	SUL	Tyler,Darrell	17169.40	SULLIVAN	YES	
Owned	INDW	Sullivan Garage	SUG	Tyler,Darrell	2380.25	SULLIVAN	YES	
Owned	INDW	Sullivan Telecom EQ Bldg	SUT	Tyler,Darrell	576.00	SULLIVAN	YES	
Owned	MICE	TAYLOR MILL #1	TAY1	Trammel,Fred	0.00	KY	UNKNOWN	
Owned	MICE	TAYLOR MILL #2	TAY2	Trammel,Fred	0.00	KY	UNKNOWN	
Owned	SUB	Terre Haute 13th St	TER1	Tyler,Darrell	0.00	IN	UNKNOWN	
Owned	MIC	TERRE HAUTE	TER	Tyler,Darrell	0.00	IN	UNKNOWN	
Owned	INDW	Terre Haute	TER	Tyler,Darrell	148346.00	TERRE HAUTE	YES	
Owned	INDW	Terre Haute Cust Service	THC	Tyler,Darrell	6718.72	TERRE HAUTE	NO	
Owned	INDW	Terre Haute Garage	THG	Tyler,Darrell	3355.69	TERRE HAUTE	YES	
Leased	TEX	Texas City	TEX		0.00	TX	UNKNOWN	
Owned	SUB	THOR	THOR	Tyler,Darrell	0.00	IN	UNKNOWN	
Owned	TOD	Todhunter	TOD	Shelton,Ray	23618.50	MONROE	YES	
Owned	TOD	Todhunter Extension	TDE	Shelton,Ray	1929.11	MONROE	YES	
Owned	TOD	Todhunter Garage	TDG	Shelton,Ray	4224.81	MONROE	YES	
Owned	ILL	Tuscola Plant	TUS		0.00	IL	TUSCOLA	
Owned	OH-KY	Valley View	VAL	Trammel,Fred	6189.03	OH	CINCINNATI	
Owned	SUB	VEED	VEED	Tyler,Darrell	0.00	IN	UNKNOWN	
Owned	MICE	VERO	VERO	Trammel,Fred	0.00	KY	UNKNOWN	
Owned	MIC	VINCENNES	VINC	Tyler,Darrell	0.00	IN	UNKNOWN	
Owned	SUB	VINCENNES 138kv	VINC	Tyler,Darrell	0.00	IN	UNKNOWN	
Owned	INDW	Vincennes	VIN	Tyler,Darrell	25055.80	VINCENNES	NO	
Owned	INDW	Vincennes Garage	VNG	Tyler,Darrell	3228.28	IN	NO	
Owned	SUB	WABASH 138kv	WAB1	Tyler,Darrell	0.00	IN	UNKNOWN	
Owned	SUB	WABASH River Gen St	WAB1	Tyler,Darrell	0.00	IN	UNKNOWN	
Owned	SUB	WABASH 138kv	WAB2	Tyler,Darrell	0.00	IN	UNKNOWN	
Owned	SUB	WABASH Peaking Sta	WAB3	Tyler,Darrell	0.00	IN	UNKNOWN	
Owned	MIC	WABASH	WABA	Tyler,Darrell	0.00	IN	UNKNOWN	
Owned	INDC	Wabash	WAB	Shelton,Ray	24327.00	IN	WABASH	YES
Owned	INDC	Wabash Large Garage	WLG	Shelton,Ray	2333.78	IN	WABASH	YES
Owned	INDC	Wabash River Gen. Station	WAR		0.00	IN	WEST TERRE HAUTE	
Owned	INDC	Wabash Small Garage	WSG	Shelton,Ray	1552.03	IN	WABASH	YES
Owned	MIC	WABASH RIVER	WABR	Tyler,Darrell	0.00	IN	UNKNOWN	
Owned	SUB	WALE	WALE	Tyler,Darrell	0.00	IN	UNKNOWN	
Owned	SUB	WALTON Substation	WALT	Tyler,Darrell	0.00	IN	UNKNOWN	
Leased	WDC	Washington DC	WDC		0.00			
Owned	MIC	WESTFIELD	WEST	Tyler,Darrell	0.00	IN	UNKNOWN	
Owned	SUB	Westwood 345kv	WEST	Tyler,Darrell	0.00	IN	UNKNOWN	
Owned	MIC	Westwood	WESTW	Tyler,Darrell	0.00	IN	UNKNOWN	

Leased/ Owned	Site Code	Building Name	Building Code	Building Contact	Ht. Cross Net Area Code	City Code	Asbestos Y/N	Comments
Owned	MIC	WHIT	Whitestown	Tyler, Darrell	0.00 IN		UNKNOWN	
Owned	SUB	WHIT	Whitesville South Sub	Tyler, Darrell	0.00 IN		UNKNOWN	
Owned	MICE	WIL1	Wilder #1	Trammell, Fred	0.00 KY		UNKNOWN	
Owned	MICE	WIL2	Wilder #2	Tyler, Darrell	0.00 IN		UNKNOWN	
Owned	MIC	WILM	Wilmington Radio	Tyler, Darrell	0.00 IN		UNKNOWN	
Owned	SUB	WILM	Wilmington Sub	Tyler, Darrell	0.00 IN		UNKNOWN	
Owned	MICE	WOOD	Wooddale	Trammell, Fred	0.00 OH	TRENTON	UNKNOWN	
Owned	OH-KY	Wooddale	WOOD	Tyler, Darrell	0.00 IN		UNKNOWN	
Owned	MIC	WORT	Worthington	Trammell, Fred	0.00 OH		UNKNOWN	
Owned	MICE	ZIMM	Zimmer Station	Trammell, Fred	0.00 OH	MOSCOW		
Owned	OH-KY	Zimmer Gen. Station	ZIM		0.00 OH			
Owned	MICE	ZMHL	Zimmer Hill	Trammell, Fred	0.00 OH			

\* Does not indicate the amount of asbestos in the facility.

ARCHIBUS/FM Data Transfer								
Leased/ Owned	Site Code	Building Name	Building Code	Building Contact	Int. Gross Net Area	State Code	City Code	Asbestos Y/N
Owned	DIC	Dicks Creek Gas Plant	DIC	Shelton,Ray		OH	MONROE	YES
Owned	FAIR	Fairfield	FFD	Shelton,Ray	12,766	OH	FAIRFIELD	YES
Owned	INDC	Bedford	BED	Shelton,Ray	21,353	IN	BEDFORD	YES
Owned	INDC	Carmel	CAR	Shelton,Ray	18,732	IN	CARMEL	YES
Owned	INDC	Carmel Out Building	CAO	Shelton,Ray	5,701	IN	CARMEL	YES
Owned	INDC	Clarksville	CLK	Shelton,Ray	99,710	IN	CLARKSVILLE	YES
Owned	INDC	Clarksville Garage	CKG	Shelton,Ray	1,721	IN	CLARKSVILLE	YES
Owned	INDC	Columbus	COL	Shelton,Ray	109,584	IN	COLUMBUS	YES
Owned	INDC	Columbus Customer Service	CLC	Shelton,Ray	4,502	IN		YES
Owned	INDC	Columbus IN Garage	COG	Shelton,Ray	1,750	IN		YES
Owned	INDC	Corydon	CRY	Shelton,Ray	7,173	IN	CORYDON	YES
Owned	INDC	Greensburg	GNB	Shelton,Ray	22,391	IN	GREENSBURG	YES
Owned	INDC	Huntington Garage	HNG	Shelton,Ray	5,288	IN	HUNTINGTON	YES
Owned	INDC	Huntington Office Bldg	HUN	Shelton,Ray	17,600	IN	HUNTINGTON	YES
Owned	INDC	Huntington Store Room	HNS	Shelton,Ray	3,860	IN	HUNTINGTON	YES
Owned	INDC	Madison	MAD	Shelton,Ray	15,395	IN	MADISON	YES
Owned	INDC	Madison Garage	MDG	Shelton,Ray	2,806	IN	MADISON	YES
Owned	INDC	New Castle	NEW	Shelton,Ray	22,578	IN	NEW CASTLE	YES
Owned	INDC	New Castle Garage	NWG	Shelton,Ray	2,711	IN	NEW CASTLE	YES
Owned	INDC	Noblesville	NOB	Shelton,Ray	23,167	IN	NOBLESVILLE	YES
Owned	INDC	Noblesville Garage	NBG	Shelton,Ray	-	IN	NOBLESVILLE	YES
Owned	INDC	Noblesville Pole Barn	NBP	Shelton,Ray	-	IN	NOBLESVILLE	YES
Owned	INDC	Rushville	RUS	Shelton,Ray	7,055	IN	RUSHVILLE	YES
Owned	INDC	Salem	SAL	Shelton,Ray	3,408	IN	SALEM	YES
Owned	INDC	Seymour	SEY	Shelton,Ray	17,780	IN	SEYMOUR	YES
Owned	INDC	Seymour Garage	SYG	Shelton,Ray	5,737	IN	SEYMOUR	YES
Owned	INDC	Wabash	WAB	Shelton,Ray	24,327	IN	WABASH	YES
Owned	INDC	Wabash Large Garage	WLG	Shelton,Ray	2,334	IN	WABASH	YES
Owned	INDC	Wabash Small Garage	WSG	Shelton,Ray	1,552	IN	WABASH	YES
Owned	INDW	Clinton	CLN	Tyler,Darrell	17,938	IN	CLINTON	UNKNOWN
Owned	INDW	Clinton Garage	CLG	Tyler,Darrell	1,221	IN	CLINTON	UNKNOWN
Owned	INDW	Rochester Large Garage	RLG	Tyler,Darrell	3,584	IN	ROCHESTER	UNKNOWN
Owned	INDW	Rochester Small Garage	RSG	Tyler,Darrell	1,666	IN	ROCHESTER	UNKNOWN
Owned	INDW	Attica	ATT	Tyler,Darrell	8,795	IN	ATTICA	YES
Owned	INDW	Bloomington	BLO	Tyler,Darrell	32,629	IN	BLOOMINGTON	YES
Owned	INDW	Brazil	BZL	Tyler,Darrell	9,879	IN	BRAZIL	YES

Owned	INDW	Brazil Garage	BZG	Tyler,Darrell	3,461	IN	BRAZIL	YES
Owned	INDW	Greencastle	GNC	Tyler,Darrell	19,025	IN	GREENCASTLE	YES
Owned	INDW	Greencastle Garage	GCG	Tyler,Darrell	2,155	IN		YES
Owned	INDW	Kokomo	KOK	Tyler,Darrell	182,359	IN	KOKOMO	YES
Owned	INDW	Lafayette	LAF	Tyler,Darrell	30,425	IN	LAFAYETTE	YES
Owned	INDW	Lafayette Cust Service	LFC	Tyler,Darrell	9,104	IN	LAFAYETTE	YES
Owned	INDW	Martinsville	MAR	Tyler,Darrell	9,319	IN	MARTINSVILLE	YES
Owned	INDW	Oakland City	OKD	Tyler,Darrell	4,140	IN	OAKLAND	YES
Owned	INDW	Plainfield/Danville	PLD	Tyler,Darrell	20,348	IN	DANVILLE	YES
Owned	INDW	Rochester	ROC	Tyler,Darrell	8,201	IN	ROCHESTER	YES
Owned	INDW	Sullivan	SUL	Tyler,Darrell	17,169	IN	SULLIVAN	YES
Owned	INDW	Sullivan Garage	SUG	Tyler,Darrell	2,380	IN	SULLIVAN	YES
Owned	INDW	Terre Haute	TER	Tyler,Darrell	148,346	IN	TERRE HAUTE	YES
Owned	INDW	Terre Haute Garage	THG	Tyler,Darrell	3,356	IN	TERRE HAUTE	YES
Owned	INDW	Dresser Shop	DRE		-	IN	TERRE HAUTE	
Owned	INDW	Edwardsport	EDW		-	IN	EDWARDSPORT	
Owned	INDW	Sullivan Telecom EQ Bldg	SUT	Tyler,Darrell	576	IN	SULLIVAN	
Owned	OH-KY	Augustine	AUG	Trammel,Fred	57,852	KY	COVINGTON	Yes
Owned	OH-KY	Batavia	BAT	Trammel,Fred	10,626	OH	BATAVIA	Yes
Owned	OH-KY	Brecon 1 Service Building	BR1	Trammel,Fred	6,791	OH	CINCINNATI	
Owned	OH-KY	Brecon 2 Store Room	BR2	Trammel,Fred	59,107	OH	CINCINNATI	Yes
Owned	OH-KY	Brecon 3 Maintenance	BR3	Trammel,Fred	8,627	OH	CINCINNATI	
Owned	OH-KY	Brecon 4	BR4	Trammel,Fred	8,226	OH	CINCINNATI	Yes
Owned	OH-KY	Brecon 5	BR5	Trammel,Fred	8,226	OH	CINCINNATI	
Owned	OH-KY	Brecon 6 Transportation	BR6	Trammel,Fred	3,773	OH	CINCINNATI	
Owned	OH-KY	Brecon 7 Trans Garage	BR7	Trammel,Fred	21,103	OH	CINCINNATI	Yes
Owned	OH-KY	Brecon 8	BR8	Trammel,Fred	448	OH	CINCINNATI	Yes
Owned	OH-KY	Brecon 9 Pole Building	BR9	Trammel,Fred	4,256	OH	CINCINNATI	
Owned	OH-KY	Dana Electric	DAE	Trammel,Fred	112,911	OH	CINCINNATI	Yes
Owned	OH-KY	Eastern Ave	EAT	Trammel,Fred	-	OH	CINCINNATI	
Owned	OH-KY	Erlanger	ERL	Trammel,Fred	-	KY	ERLANGER	
Owned	OH-KY	Florence	FLO	Trammel,Fred	150,167	KY	FLORENCE	
Owned	OH-KY	Georgetown	GEO	Trammel,Fred	1,232	OH	GEORGETOWN	Yes
Owned	OH-KY	Georgetown Out Building	GOO	Trammel,Fred	533	OH	GEORGETOWN	
Owned	OH-KY	Glendale	GLN	Trammel,Fred	-	OH	CINCINNATI	Yes
Owned	OH-KY	Hamlet	HML	Trammel,Fred	9,642	OH	HAMLET	Yes
Owned	OH-KY	Hamlet Garage	HMG	Trammel,Fred	201	OH	HAMLET	Yes
Owned	OH-KY	Hartwell Recreation Cntr	HRC	Trammel,Fred	-	OH	CINCINNATI	Yes
Owned	OH-KY	Hartwell Service Building	HAO	Trammel,Fred	8,780	OH	CINCINNATI	Yes
Owned	OH-KY	Little Miami	LIT	Trammel,Fred	12,407	OH	MILFORD	Yes
Owned	OH-KY	Little Miami Garage	LIG	Trammel,Fred	281	OH	MILFORD	Yes



Owned	OH-KY	Miami Town	MIT		-	OH	MIAMI TOWN	
Owned	OH-KY	Monfort Heights	MON	Trammel,Fred	35,373	OH	CINCINNATI	Yes
Owned	OH-KY	Oakley	OAK	Trammel,Fred	5,885	OH	CINCINNATI	Yes
Owned	OH-KY	Oakley Storage	OAS	Trammel,Fred	7,133	OH	CINCINNATI	
Owned	OH-KY	Valley View	VAL	Trammel,Fred	6,189	OH	CINCINNATI	Yes
Owned	QUE	Queensgate	QUE	Jett,Joe	161,000	OH	CINCINNATI	Y
Owned	QUE	Queensgate Garage	QGG	Jett,Joe	6,401	OH	CINCINNATI	Y
Owned	TOD	Todhunter	TOD	Shelton,Ray	23,619	OH	MONROE	YES
Owned	TOD	Todhunter Extension	TDE	Shelton,Ray	1,929	OH	MONROE	YES
Owned	TOD	Todhunter Garage	TDG	Shelton,Ray	4,225	OH	MONROE	YES
* Does not indicate the amount of asbestos in the facility.								



The image shows a large rectangular area filled with horizontal lines, representing a redacted table or list. The lines are evenly spaced and extend across the width of the page, indicating that the content has been obscured for legal or privacy reasons.



Resource (Multiple Items)
Process ID (Multiple Items)

Sum of Transaction Amount				
Project	Project Description	Work Type Description	Accounting Period	Vendor Description
EB200593	Replace CT Fill	MAINTENANCE	200501	HAMON COOLING TOWERS
			200502	HAMON COOLING TOWERS
			200503	HAMON COOLING TOWERS
			200504	HAMON COOLING TOWERS
			200505	HAMON COOLING TOWERS
			200506	HAMON COOLING TOWERS
Grand Total				

Total
286,914.29
299,288.61
478,428.40
92,734.01
1,254.66
15,365.89
1,173,985.86

Welles, Sarah

---

From: Glenn, Erica  
Sent: Thursday, December 15, 2005 2:16 PM  
To: Reynolds, Jaime  
Subject: FW: FAS 142/2

Attachments: FAS143 Demo Est 2.pdf



FAS143 Demo Est  
2.pdf

-----Original Message-----

From: Wilson, Dale  
Sent: Tuesday, March 04, 2003 3:25 PM  
To: Barnhart, Christa  
Subject: FW: FAS 142/2

-----Original Message-----

From: RICHARD.A.JERCH@sargentlundy.com  
[mailto:RICHARD.A.JERCH@sargentlundy.com]  
Sent: Thursday, February 27, 2003 3:16 PM  
To: Wilson, Dale  
Subject: FAS 142/2

(See attached file: FAS143 Demo Est 2.pdf)

**Welles, Sarah**

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**From:** Glenn, Erica  
**Sent:** Wednesday, January 04, 2006 8:31 AM  
**To:** Reynolds, Jaime  
**Subject:** Fin 47 - files for review  
**Attachments:** FIN 47 - Part 2.pdf; Disposal Cost estimate rev121405.xls; MSO DPL Catalyst Disposal Estimate.xls

Jaime,

Attached in pdf format is the rate information as discussed. The last two pages is the 12/31 in service information for the catalysts in my horrible handwriting. Attached in excel files is the information from Mike O'Connor for the disposal timing (rotation schedules) for the catalysts. The first excel file is for our plants; the second is his estimates for the DP&L plants. You will want these files also for the prospective ARO accounting.

Please call me if any of this is confusing when you start tying things out and we can discuss.

Thanks,  
Erica

8/18/2006



<HELP> for explanation.  
 ENTER # <GOVT> <GO> TO SELECT SECURITY  
**GOVERNMENT**

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SECURITY		BID	ASK	ASKPRC	DUR	RISK	PSRC
1) STRIP PRINC	11/30/05						
2) STRIP PRINC	12/31/05	8.728	8.728	99.79	0.03	0.02	BFV
3) STRIP PRINC	1/31/06	4.440	4.440	99.52	0.11	0.11	BFV
4) STRIP PRINC	2/15/06	3.753	3.733	99.45	0.15	0.15	BGN
5) STRIP PRINC	2/28/06	3.890	3.870	99.28	0.19	0.19	BGN
6) STRIP PRINC	3/31/06	4.145	4.145	98.89	0.27	0.27	BFV
7) STRIP PRINC	4/30/06	4.252	4.252	98.51	0.36	0.35	BFV
8) STRIP PRINC	5/15/06	4.279	4.259	98.33	0.40	0.38	BGN
9) STRIP PRINC	5/31/06	4.374	4.374	98.11	0.44	0.42	BFV
10) STRIP PRINC	6/30/06	4.469	4.469	97.71	0.52	0.50	BFV
11) STRIP PRINC	7/15/06	4.468	4.468	97.53	0.57	0.54	BFV
12) STRIP PRINC	7/31/06	8.372	8.372	95.18	0.60	0.55	BFV
13) STRIP PRINC	8/15/06	4.424	4.404	97.21	0.65	0.62	BGN
14) STRIP PRINC	8/31/06	4.474	4.474	97.00	0.69	0.65	BFV
15) STRIP PRINC	9/30/06	4.480	4.480	96.64	0.77	0.73	BFV
16) STRIP PRINC	10/15/06	4.484	4.484	96.46	0.81	0.77	BFV
17) STRIP PRINC	10/31/06	4.489	4.489	96.27	0.86	0.81	BFV
18) STRIP PRINC	11/15/06	4.472	4.452	96.12	0.90	0.84	BGN
19) STRIP PRINC	11/30/06	4.498	4.498	95.91	0.94	0.88	BFV
20) STRIP PRINC	12/31/06	4.502	4.502	95.54	1.02	0.96	BFV
21) STRIP PRINC	1/31/07	4.495	4.495	95.19	1.11	1.03	BFV

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 Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2005 Bloomberg L.P.  
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*✓ Zero coupon per Ed Bowen*

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GOVERNMENT		SECURITIES			Page 7 of 11		
SECURITY		BID	ASK	ASKPRC	DUR	RISK	PSRC
1) STRIP PRINC	2/15/07	4.437	4.417	95.10	1.15	1.07	BGN
2) STRIP PRINC	2/28/07	4.489	4.489	94.86	1.19	1.10	BFV
3) STRIP PRINC	3/31/07	4.482	4.482	94.52	1.27	1.18	BFV
4) STRIP PRINC	4/30/07	4.475	4.475	94.17	1.36	1.25	BFV
5) STRIP PRINC	5/15/07	4.414	4.394	94.11	1.40	1.29	BGN
6) STRIP PRINC	5/31/07	4.469	4.469	93.84	1.44	1.32	BFV
7) STRIP PRINC	6/30/07	4.463	4.463	93.49	1.52	1.39	BFV
8) STRIP PRINC	7/31/07	4.458	4.458	93.15	1.61	1.47	BFV
9) STRIP PRINC	8/15/07	4.430	4.410	93.06	1.65	1.50	BGN
10) STRIP PRINC	8/31/07	4.453	4.453	92.84	1.69	1.53	BFV
11) STRIP PRINC	9/30/07	4.448	4.448	92.50	1.77	1.60	BFV
12) STRIP PRINC	10/31/07	4.444	4.444	92.17	1.86	1.67	BFV
13) STRIP PRINC	11/15/07	4.440	4.420	92.04	1.90	1.71	BGN
14) STRIP PRINC	11/30/07	4.439	4.439	91.84	1.94	1.74	BFV
15) STRIP PRINC	2/15/08	4.402	4.382	91.10	2.15	1.92	BGN
16) STRIP PRINC	5/15/08	4.454	4.434	90.02	2.40	2.11	BGN
17) STRIP PRINC	8/15/08	4.445	4.425	89.05	2.65	2.31	BGN
18) STRIP PRINC	9/15/08	4.445	4.445	88.69	2.73	2.37	BFV
19) STRIP PRINC	10/15/08	4.446	4.446	88.36	2.81	2.43	BFV
20) STRIP PRINC	11/15/08	4.448	4.428	88.08	2.90	2.50	BGN
21) STRIP PRINC	12/15/08	4.449	4.449	87.71	2.98	2.56	BFV

<HELP> for explanation.  
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**GOVERNMENT**

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SECURITY		BID	ASK	ASKPRC	DUR	RISK	PSRC
1)	STRIP PRINC	1/15/09	4.449	4.449	87.38	3.07	2.62 BFV
2)	STRIP PRINC	2/15/09	4.412	4.392	87.21	3.15	2.69 BGN
3)	STRIP PRINC	3/15/09	4.450	4.450	86.75	3.23	2.74 BFV
4)	STRIP PRINC	4/15/09	4.450	4.450	86.43	3.31	2.80 BFV
5)	STRIP PRINC	5/15/09	4.446	4.426	86.18	3.40	2.86 BGN
6)	STRIP PRINC	6/15/09	4.451	4.451	85.79	3.48	2.92 BFV
7)	STRIP PRINC	7/15/09	4.451	4.451	85.48	3.57	2.98 BFV
8)	STRIP PRINC	8/15/09	4.438	4.418	85.26	3.65	3.04 BGN
9)	STRIP PRINC	9/15/09	4.452	4.452	84.86	3.73	3.10 BFV
10)	STRIP PRINC	10/15/09	4.452	4.452	84.54	3.81	3.15 BFV
11)	STRIP PRINC	11/15/09	4.493	4.473	84.16	3.90	3.21 BGN
12)	STRIP PRINC	12/15/09	4.453	4.453	83.92	3.98	3.27 BFV
13)	STRIP PRINC	1/15/10	4.448	4.448	83.62	4.07	3.33 BFV
14)	STRIP PRINC	2/15/10	4.445	4.425	83.39	4.15	3.39 BGN
15)	STRIP PRINC	3/15/10	4.438	4.438	83.06	4.23	3.44 BFV
16)	STRIP PRINC	4/15/10	4.432	4.432	82.77	4.31	3.49 BFV
17)	STRIP PRINC	5/15/10	4.440	4.420	82.51	4.40	3.55 BGN
18)	STRIP PRINC	6/15/10	4.421	4.421	82.21	4.48	3.60 BFV
19)	STRIP PRINC	7/15/10	4.416	4.416	81.92	4.57	3.66 BFV
20)	STRIP PRINC	8/15/10	4.420	4.400	81.68	4.65	3.72 BGN
21)	STRIP PRINC	9/15/10	4.405	4.405	81.38	4.73	3.77 BFV

<HELP> for explanation.  
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GOVERNMENT		SECURITIES			DUR	RISK	PSRC
SECURITY		BID	ASK	ASKPRC			
1) STRIP PRINC	10/15/10	4.400	4.400	81.10	4.81	3.82	BFV
2) STRIP PRINC	11/15/10	4.420	4.400	80.80	4.90	3.87	BGN
3) STRIP PRINC	12/15/10	4.389	4.389	80.55	4.98	3.93	BFV
4) STRIP PRINC	2/15/11	4.430	4.410	79.88	5.15	4.02	BGN
5) STRIP PRINC	8/15/11	4.442	4.422	78.11	5.65	4.32	BGN
6) STRIP PRINC	2/15/12	4.430	4.410	76.47	6.15	4.60	BGN
7) STRIP PRINC	8/15/12	4.465	4.445	74.65	6.65	4.86	BGN
8) STRIP PRINC	11/15/12	4.460	4.440	73.87	6.90	4.98	BGN
9) STRIP PRINC	2/15/13	4.477	4.457	72.97	7.15	5.10	BGN
10) STRIP PRINC	5/15/13	4.465	4.445	72.24	7.40	5.23	BGN
11) STRIP PRINC	8/15/13	4.425	4.405	71.66	7.65	5.36	BGN
12) STRIP PRINC	11/15/13	4.550	4.530	70.20	7.90	5.42	BGN
13) STRIP PRINC	2/15/14	4.447	4.427	69.99	8.15	5.58	BGN
14) STRIP PRINC	5/15/14	4.500	4.480	68.93	8.40	5.66	BGN
15) STRIP PRINC	8/15/14	4.515	4.495	68.08	8.65	5.76	BGN
16) STRIP PRINC	11/15/14	4.470	4.450	67.60	8.90	5.88	BGN
17) STRIP PRINC	2/15/15	4.590	4.570	66.14	9.15	5.92	BGN
18) STRIP PRINC	5/15/15	4.585	4.565	65.43	9.40	6.01	BGN
19) STRIP PRINC	8/15/15	4.582	4.562	64.71	9.65	6.11	BGN
20) STRIP PRINC	11/15/15	4.612	4.592	63.80	9.90	6.17	BGN
21) STRIP PRINC	2/15/16	4.626	4.596	63.05	10.15	6.26	BGN

<HELP> for explanation.  
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GOVERNMENT		SECURITIES			DUR	RISK	PSRC
SECURITY		BID	ASK	ASKPRC			
1) STRIP PRINC	5/15/16	4.641	4.611	62.25	10.40	6.33	BGN
2) STRIP PRINC	11/15/16	4.669	4.639	60.67	10.90	6.46	BGN
3) STRIP PRINC	5/15/17	4.702	4.672	59.07	11.40	6.58	BGN
4) STRIP PRINC	8/15/17	4.709	4.679	58.34	11.65	6.64	BGN
5) STRIP PRINC	5/15/18	4.743	4.713	56.13	12.40	6.80	BGN
6) STRIP PRINC	11/15/18	4.757	4.727	54.74	12.90	6.90	BGN
7) STRIP PRINC	2/15/19	4.770	4.740	54.01	13.15	6.94	BGN
8) STRIP PRINC	8/15/19	4.782	4.752	52.67	13.65	7.02	BGN
9) STRIP PRINC	2/15/20	4.806	4.776	51.28	14.15	7.09	BGN
10) STRIP PRINC	5/15/20	4.816	4.786	50.61	14.40	7.12	BGN
11) STRIP PRINC	8/15/20	4.822	4.792	49.97	14.65	7.15	BGN
12) STRIP PRINC	2/15/21	4.830	4.800	48.74	15.15	7.21	BGN
13) STRIP PRINC	5/15/21	4.840	4.810	48.10	15.40	7.23	BGN
14) STRIP PRINC	8/15/21	4.843	4.813	47.51	15.65	7.26	BGN
15) STRIP PRINC	11/15/21	4.846	4.816	46.93	15.90	7.28	BGN
16) STRIP PRINC	8/15/22	4.847	4.817	45.27	16.65	7.36	BGN
17) STRIP PRINC	11/15/22	4.850	4.820	44.72	16.90	7.38	BGN
18) STRIP PRINC	2/15/23	4.844	4.814	44.23	17.15	7.41	BGN
19) STRIP PRINC	8/15/23	4.841	4.811	43.21	17.65	7.45	BGN
20) STRIP PRINC	11/15/24	4.844	4.814	40.70	18.90	7.51	BGN
21) STRIP PRINC	2/15/25	4.845	4.815	40.21	19.15	7.52	BGN

<HELP> for explanation.  
 ENTER # <GOVT> <GO> TO SELECT SECURITY

N247 Govt **GOVT**

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GOVERNMENT		SECURITIES				
SECURITY		BID	ASK	ASKPRC	DUR	RISK PSRC
1) STRIP PRINC	8/15/25	4.840	4.810	39.30	19.65	7.54 BGN
2) STRIP PRINC	2/15/26	4.827	4.787	38.55	20.15	7.59 BGN
3) STRIP PRINC	8/15/26	4.835	4.795	37.59	20.65	7.58 BGN
4) STRIP PRINC	11/15/26	4.831	4.791	37.18	20.90	7.59 BGN
5) STRIP PRINC	2/15/27	4.823	4.783	36.80	21.15	7.60 BGN
6) STRIP PRINC	8/15/27	4.817	4.777	35.99	21.65	7.61 BGN
7) STRIP PRINC	11/15/27	4.814	4.774	35.59	21.90	7.61 BGN
8) STRIP PRINC	8/15/28	4.795	4.755	34.49	22.65	7.63 BGN
9) STRIP PRINC	11/15/28	4.786	4.746	34.16	22.90	7.64 BGN
10) STRIP PRINC	2/15/29	4.786	4.746	33.76	23.15	7.63 BGN
11) STRIP PRINC	8/15/29	4.776	4.736	33.06	23.65	7.64 BGN
12) STRIP PRINC	5/15/30	4.757	4.717	32.06	24.40	7.64 BGN
13) STRIP PRINC	2/15/31	4.645	4.605	31.82	25.15	7.82 BGN

*Zero coupon per Ed Bowen*



**Indicative New Issue Pricing: CG&E/PSI/ULH&P Notes (Baa1/BBB↓)**

	2008	2009	2011	2013	2016	2018	2021	2036
<b>Fixed Rate Issuance</b>	<b>2 Years</b>	<b>3 Years</b>	<b>5 Years</b>	<b>7 Years</b>	<b>10 Years</b>	<b>12 Years</b>	<b>15 Years</b>	<b>30 Years</b>
Benchmark	4.25% 11/07	4.375% 11/08	4.375% 12/10	4% 11/12	4.5% 11/15	4.6% 11/15	4.5% 11/15	5.375% 2/31
Benchmark Yield	4.410%	4.420%	4.440%	4.500%	4.530%	4.530%	4.530%	4.730%
* Reoffer Spread	+65 - 70	+70 - 75	+85 - 90	+85 - 100	+110 area	+135 area	+150 area	+155 area
Reoffer Yield	5.06% - 5.11%	5.12% - 5.17%	5.29% - 5.34%	5.45% - 5.50%	5.63% area	5.88% area	6.08% area	6.28% area
Underwriting Commission	0.250%	0.350%	0.500%	0.625%	0.650%	0.675%	0.750%	0.875%
All-in Yield	5.19% - 5.24%	5.25% - 5.30%	5.43% - 5.48%	5.56% - 5.61%	5.72% area	5.96% area	6.11% area	6.35% area
<b>Swapped to LIBOR Levels</b>								
Swap Spread	+45	+46	+52	+52	+55	+60	+65	+53
Reoffer versus LIBOR	\$1.20 - 25	\$1.22 - 27	\$1.33 - 38	\$1.43 - 48	\$1.55 area	\$1.75 area	\$1.85 area	\$1.102 area
All-in versus LIBOR	\$1.33 - 38	\$1.35 - 40	\$1.47 - 52	\$1.54 - 59	\$1.64 area	\$1.83 area	\$1.93 area	\$1.109 area
<b>Floating Rate Issuance</b>	<b>2yr NCL</b>	<b>2yr NC 6m</b>	<b>3yr NCL</b>	<b>3yr NC 6m</b>				
Reoffer vs LIBOR	\$1.25 area	\$1.28 - 30	\$1.30 area	\$1.35 area				
Underwriting Commission	0.250%	0.250%	0.350%	0.350%				
All-in vs LIBOR	\$1.38 area	\$1.41 - 43	\$1.43 area	\$1.48 area				

Benchmark and reoffer spreads as of 12/14/2005.

*Schedule provided by Harry Keffe*



All but Zimmer have 2 initial layers (2+1 design)  
 Zimmer is (3+1)

12/31/05 In-Service	last <sup>layer</sup> 2009	Total In Service
East B. 194.6 * 2 =	2007 * 3	
Cabos 1 403.2 * 2 =	2008 * 3	
2 403.2 * 3 =	* 3	
3 403.2 * 3 =	* 3	
4 403.2 * 2.5 =	2007 * 3	
5 403.2 * 2 =	2006 * 3	
MF 7 323.4 * 2 =	2006 * 3	
8 323.4 * 2 =	2007 * 3	
Zimmer 529.1 * 3 =	2008 * 4	
	* \$150	

NOx "season" becomes yr round 2009  
 → start getting 1 layer every outage for each plant  
 → outage usually every other year

700  
 200  
 147000

→ only plants currently w/ SCR's  
 scrubber = SO2  
 SCR = NOx  
 ↳ Cayuga 1 +/or 2 may get SCR's

60% of contaminants taken by catalysts in year 1



change 513 to 500

2/2

Mike only had totals by station  
 brought layer for unit 4 this

		<del>units</del> layers 12/3/05	each layer per day	Pwr Plant
Stuart	1	2	500	
all else	6/1/04	2	500	5/04
	3	2	500	
3rd layer	5/1/05	4	500	3/05
Killen		2	203	5/04

use 4/1 for all removals mo/day

849

Price of Catalyst entered on First Tab.

Catalyst Replacement Schedule by Volume\*

	ULHP				CGE									
	East Bend	Total to be disposed	Estimated disposal Cost	Est Disposal Cost for % owned	Miami Fort	Miami Fort	Total to be disposed	Estimated disposal Cost	Est Disposal Cost for % owned	Zimmer	Total to be disposed	Estimated disposal Cost	Est Disposal Cost for % owned	Total Est Disposal Cost for % owned
2006					323.4									
2007	194.6					323.4								
2008					323.4		323.4			529.1				
2009						323.4	242,550	155,232						155,232
2010					323.4	323.4	242,550	155,232	529.1	529.1	396,848	184,534		339,766
2011	194.6	194.6	145,950	100,706		323.4	242,550	155,232						155,232
2012					323.4	323.4	242,550	155,232	529.1	529.1	396,848	184,534		339,766
2013	194.6	194.6	145,950	100,706		323.4	242,550	155,232						155,232
2014					323.4	323.4	242,550	155,232	529.1	529.1	396,848	184,534		339,766
2015	194.6	194.6	145,950	100,706		323.4	242,550	155,232						155,232
2016					323.4	323.4	242,550	155,232	529.1	529.1	396,848	184,534		339,766
2017	194.6	194.6	145,950	100,706		323.4	242,550	155,232						155,232
2018					323.4	323.4	242,550	155,232	529.1	529.1	396,848	184,534		339,766
<b>TOTALS</b>	<b>973.0</b>	<b>778.4</b>	<b>583,800</b>	<b>402,822</b>	<b>2,263.8</b>	<b>1,940.4</b>	<b>3,557.4</b>	<b>2,425,500</b>	<b>1,552,320</b>	<b>3,174.8</b>	<b>2,645.7</b>	<b>1,984,238</b>	<b>922,670</b>	<b>2,474,990</b>
Ownership	69%				64%	64%				47%				

Schedule provided by Mike O'Connor